





The week in London and Little activity in equities

ONLOOKER

A complete lack of demand for much of the week left the FT Industrial Index slightly lower and the gain on the Account finished at just under 20 points, after an increase of 20.7 in the first five days' trading.

The week started on an extremely quiet note with daily equity bargains below 11,000 but gilts were a little more active thanks to the firmness of sterling—although the better than expected wholesale price indices failed to generate any real enthusiasm. In such a sensitive market any poor results from a major company was bound to push prices lower and this was seen on Tuesday when a depressing statement from EMI left the Index 4.3 lower with the drop in the EMI share price accounting for 24 points of the fall.

It was not until Thursday that equities were greeted with cheerful news and this came by way of the miners' vote in favour of the 12-month rule. But while this news sparked off some initial recovery the market was again sliding in later dealings. And by the end of the account demand for equities was again very thin although gilts were more in favour and managed to take the news of a new "short tap" in their stride.

EMI profits shock

It could reasonably be argued that EMI shareholders should have seen the writing on the wall about future prospects when the report and accounts were published last month. Sir John Read, the chairman, was open enough at the time when he said that EMI's success depended heavily on world trading conditions, particularly in North America, and that these were not good.

Nevertheless, it came as something of a shock when Sir John told shareholders at the annual meeting this week that profits for the current year were running "well below the level of last year."

TOP PERFORMING SECTORS IN FOUR WEEKS FROM NOV. 10

Table with 2 columns: Sector, % Change. Includes Wines & Spirits (+9.3), Insurance Brokers (+6.0), Machine & Other Tools (+5.2), Investment Trusts (+5.0), Brewery (+4.8), Property (+4.3).

THE WORST PERFORMERS

Table with 2 columns: Sector, % Change. Includes All-Share Index (-0.1), Insurance (Composite) (-4.4), L.C. Electronics, Radio & TV (-4.5), Discount Houses (-5.1), Food Retailing (-5.7), Toys & Games (-6.8), Hire Purchase (-7.6).

Estimates of a static year—some had even suggested pre-tax profit of £70m., against last year's £64.7m.—down towards the £50m. mark. And the real pessimists have actually started talking about profits of not much more than £40m.

The shares dropped by no less than 33p on the day (equivalent to around £36m. in market capitalisation terms) and have since slipped away to 182p, a fall on the week of 38p.

The real agony for EMI has occurred in North America. The group's lead in scanners is under attack from the competition—EMI has two law suits out on grounds of violation of patents—and the business is also hamstrung by the clampdown on expenditure on medical items. One of the biggest drawbacks is that the medical groups need a "certificate of need" for anything costing over \$150,000, the average cost of a scanner is nearer \$300,000. The cost of having a "scan" is not reimbursable under medical insurance unless such a certificate has been granted. This constraint naturally affects the entire market. But EMI, which can still justifiably claim to be the leader, reckons that the size of the market this year has slumped by 50 per cent. as a result.

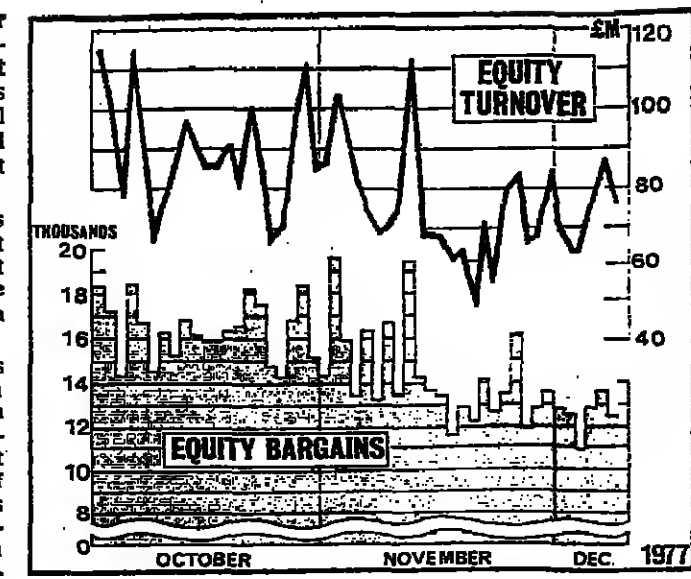
EMI's reliance on scanners has never been made clear; outside estimates of a £12m. per annum contribution have never been refuted by the company. But there are also troubles in the music business in North America through Capitol, where results are well down, and in other interests in Australia.

GEC pleases

After the EMI statement and a string of disappointing results, it made a pleasant change for blue chip company to exceed market expectations and GEC's better than anticipated half-time figures on Tuesday sent the group's share price up 16p in two days to 282p. It was not just the 23 per cent. improvement in re-invested profits that caught the eye: the City was equally impressed by the underlying trading strength, particularly in exports.

Although new order intake on exports is below last year's levels (inflated by several very large contracts which are absent this time) progress has been steady and the overall level of outstanding orders for U.K. businesses is 24 per cent. higher than a year ago, despite a relatively flat home market.

The group generally takes the biggest slice of profits on delivery, or completion of contract, which means that the



October as a rival bidder. Crane order book last year have still largely to work through, and continued profit growth in the second half looks ensured.

Meanwhile margins have continued to improve, and in overseas subsidiaries these have increased from around 8 per cent. to around 9 1/2 per cent., helped by the new U.S. acquisition Alco (Australia power engineering also performed well) and emphasising the importance of overseas markets to GEC.

Trading profits in the power engineering division appear to have gone up by around 60 per cent. while a near 5 per cent. gain in electronic and telecommunications disguises the rapid growth from Marconi which could push electronics profits up to £80m. this year.

Meanwhile demand for almost any kind of diesel engine remains strong and telecommunication should have a better second-half (compared with the same period a year ago when there was a recession).

The cash position, already impressive, should be further strengthened by the first instalment of compensation due from the nationalisation of BAC and there should be no problem in financing the planned U.S. acquisitions.

Crane tumbles

The fierce bid battle for control of Crane Fruehauf, the Norfolk based trailer manufacturer, which has dragged on for 14 months closed on a particularly sour note this week. As the U.K. directors conceded defeat to the fifth offer from Fruehauf Corporation of the U.S., they immediately withdrew their support for the profits forecast they had made. When Inchcape stepped onto the stage at the end of

New York Lower, but could have been worse

BY STEWART FLEMING

CONSIDERING the battery of either indifferent or depressing news which has battered Wall Street investors this week it is on the face of it surprising that share prices did not decline more sharply.

True on Tuesday the Dow Jones Industrial Average posted its heaviest fall for four months and the Dow Transportation Index fell more precipitously than it had at any time in the past two years. But in the first few days of the week the Industrial Average slayed above what is becoming the increasingly significant support point of 800, while penetrating the 820 mark which some of the optimists had hoped would provide a floor.

Once again, however, it has been some of the high institutional stocks which have been under pressure with the second line stocks hanging on to the relative strength which has been a feature of the market for two years. Shares such as General Motors came under a variety of pressures ranging from disappointing November car sales figures to reports that consumers were not responding well to the minor industry's new smaller cars.

Mining Lacking in confidence

BY PAUL CHEESERIGHT

UNCERTAINTY is the enemy of confidence in investment terms, and nowhere has this been clearer than in Australia during the general election campaign. But now Australians have been to the polls and this week-end it should be possible to chart new courses for the next year or two.

Latterly, the Sydney Metals and Minerals Index, mining of its range for the year. The low for the year has been 1,744.43 and the high, back in May, was 2,579.36.

Uranium stocks have mirrored the index. Pancontinental was 72p yesterday, compared with a peak for the year of £13 and a low of 57p. Of all the Australian mining companies, it is possibly the one with the most to lose from any Labor Government, on the assumption that there would be at least a delay to the development of the massive Jabiru deposit.

Pancontinental would like to start construction in the middle of next year and to this end has submitted a draft Environmental Impact Statement to the federal authorities. The text of this statement was released during the week. The timing suggested a little bit of gentle electioneering.

The document contained a series of revenue projections for Jabiru which added up to the "promise" of an export boom. The first two years of the project, the first three of which would be spent on construction, could total \$A.3.4bn. (£2.09bn.), according to Pancontinental.

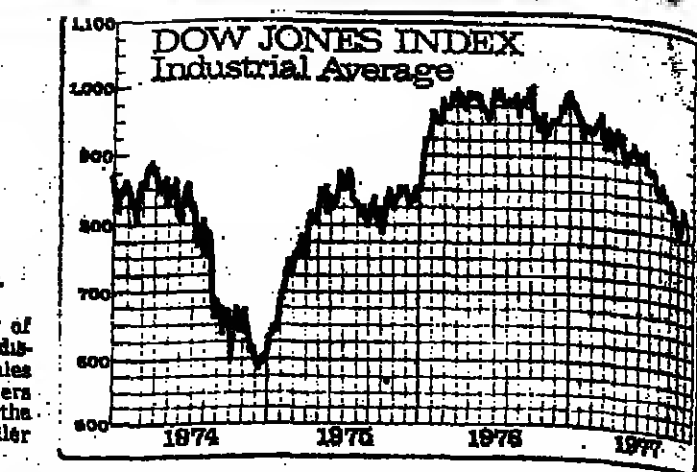
The calculations were based on a price of \$A.36 (\$U.S.40.56) per lb of uranium oxide. This level is just beneath the current spot price on the international market. The company believes there will be a fairly close relationship between the spot and long-term contract prices.

If this supposition turns out to be correct then the returns are mammoth compared with the capital outlay. The cost of bringing Jabiru to production was put at \$A188m. (£114.7m.) with an additional \$A.56m. to be spent on expansion.

The whole question of costs, at Pancontinental or anywhere else, has become an obsession with the industry, especially as its rise has often been accompanied by a fall in prices. The result has been a cutback in investment which could lead to shortages in the 1980s.

Mr. Beville Pain, the retiring President of the Mining Association of the U.K., returned to this factor in a speech at the annual meeting of the Association. He suggested a partial remedy by introducing a European element to national mineral procurement policies.

Mining investments should be brought into the framework of the EEC, the relationships of the EEC, member states and host governments. National political risk insurance schemes should be harmonised into an EEC scheme for



figures which led investors to express concern about the latest money supply situation. In fact the money supply has been performing in November better than at any time since the early summer. To these concerns investors could add a laundry list of new worries—another significant rise in wholesale prices and farm prices, the coal strike, and the continuing end-year adjustment of investor portfolios and accompanying tax loss selling.

The market's retreat over the past two weeks after its previous rally underlines what most analysts on Wall Street seem to be agreed upon, namely, the uncertainty about the economic outlook—whether for inflation, consumer spending or capital

Table with 2 columns: Day, Close, Change. Monday 821.63 -2.8, Tuesday 804.91 -14.1, Wednesday 807.43 +2.5, Thursday 806.91 -0.5.

MARKET HIGHLIGHTS OF THE WEEK

Table with 5 columns: Index, Price Y'day, Change on Week, 1977 High, 1977 Low. Includes Ind. Ord. Index (485.9), Govt. Secs. Index (76.03), Arbuthnot Latham (170), Assam Frontier (315), Bibby (J.) (200), BP (Fully-paid) (878), Burton A. (95), Chapman (Ratham) (68), EMI (182), Eona (65), GEC (265), Hall (Matthew) (187), Land Secs. (210), Northern Foods (113), Preedy (A.) (70), Randfontein Estates (431), Sec. Broadmount Tst. (33), Trafford Carpets (32), West Rand Cons. (156), Westbrick Products (29).

B.E. INDICES

Table with 4 columns: Index, Dec. 9, Dec. 2, Nov. 25. Includes Average week to (9), FINANCIAL TIMES (Govt. Secs. 75.06, 73.97, 74.94), Fixed Interest (77.77, 77.18, 78.04), Ind. Ord. (484.9, 477.2, 468.0), Gold Mines (144.3, 144.9, 141.5), Dealings mk. (4,195, 4,204, 5,044), FT ACTUARIES (Capital Gds. 203.65, 197.5, 195.20), Consumer (Durable) (193.02, 189.45, 187.42), Cam. (Non-Durable) (200.95, 195.17, 190.98), Ind. Group (205.60, 200.14, 197.20), 500-Share (228.76, 224.96, 221.95), Financial Gp. (167.29, 161.99, 157.71), All-Share (211.49, 207.28, 203.92), Red. Debs. (61.48, 61.45, 61.00).

TV Radio

Table listing TV and radio programmes for various channels including BBC 1, BBC 2, Granada, HTV, Anglia, Border, Channel, and Grampian. Includes programme titles like 'Father of the Bride', 'The Muppet Show', and 'The Saturday Show'.

Table listing TV ratings for week ended December 4. Includes U.K. TOP 20 Viewers (1-10) and U.S. TOP TEN (1-10) with programme titles and viewer numbers.

Pressures reduced

The devaluation of the Australian dollar at the end of November 1976 reduced some of the pressures on the mining industry and helped towards a revival of confidence in a significant exporting sector. But in the middle of the year it was clear that the growth in the U.S. economy was not going to be as great as was first anticipated when President Carter assumed power at the beginning of this year.

As the effects of the devaluation began to wear off, and costs continued to increase, the industry and the markets were back at square one. The Index slid down steadily to reach a low for the year in November.

Although the industrial market has not been without its problems, it has been up around the year's highs, making a pointed contrast. It has been able to benefit from the fall in interest rates, the slowing down of inflation and the moves to

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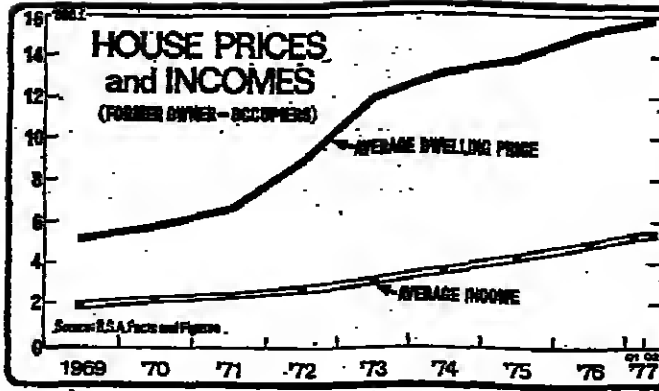
# Your savings and investments

## House prices accelerate

BY JOHN MOORE

HOUSE PRICES will rise at a faster rate next year than they have done in 1977. That is the confident prediction of building societies, builders, economists, city analysts, and general commentators alike. His unanimity of opinion has led to suggestions that a price explosion might be on the cards. The reasons which are advanced to support the view that a housing boom is under way are as follows: there is a plentiful supply of mortgage funds; incomes are rising; and interest rates are favourable. But common wisdom tends to ignore the large number of checks and balances within the housing market, which will significantly influence the rate and level of house price rise.

The underlying check to any rise is that there is a crude surplus of housing. In addition, there have been over the past year more sellers than buyers. This is a reflection of secondary checks. The population has changed since the 1971-73. During those years the distortion in house prices had much to do with the pressure from the first-time buying of the newly married "post-war baby" generation. But since then the number of young marriages (and therefore of first-time buyers) has declined. Moreover, initial mortgage repayments are still at an historically high level, compared with council rents. Other, but more indirect checks, include the high cost of moving, and the high cost of furnishing and refurbishment are significant deterrents to those thinking of moving to a larger, more expensive house; so is the increase in the rateable value which such a move entails, and the higher running costs (larger heating bills are an important consideration). That these latter factors should be important is a relatively recent development, brought about by the recession. Uncertainty about jobs, and successive bouts of wage control since 1973, have made people more careful in their assessment of the possible benefits of moving house. So much for the checks. What of the factors which might trigger a rise? Chief among these is the fact that houses are historically cheap in relation to incomes. Average new house prices represent nearly three times the level at which the multiple was running at the beginning of the 70s, before peaking at nearly five times in 1973.



Building societies have funds aplenty to meet any upturn in demand. And despite the warnings of financial journalists, there is a general tendency for borrowers to contain borrowings, and repay mortgages as quickly as possible, even though it may be at the expense of tax efficiency. Even the cheapness of mortgage finance, which might have encouraged the borrower to bid up, seems to have now backed to the levels of the late sixties at around 18 per cent, after reaching a peak of 24 per cent, during 1973.

recession, has given the building societies more leeway than perhaps they had during the 1972-73 boom, when their customers were borrowing up to the hilt. But the availability of building society finance is not in itself as significant as might be thought. While gross advances have risen by nearly three-quarters since the beginning of the year, to borrowers who have risen over a half in number, house prices have only risen from around 8 to 9 per cent. That is a reflection of the number of houses available for purchase. Sentiment is the unknown quantity. House buying moods are determined by optimism about the economy, job satisfaction and security, as well as rising incomes—and a desire to jump on the bandwagon. In 1972 and 1973 that was exaggerated hysteria. There are no signs of such hysteria at present, and the market is still essentially a buyers' one. Providing that heads remain cool, house prices should not rise by much more than 12 per cent, next year.

## Pay up for BP

BY ADRIENNE GLEESON

ARE YOU one of those who even bother to read the letters seized the opportunity to take of acceptance properly. More a stake in one of Britain's best sophisticated investors might known blue-chip companies, oil easily have forgotten. And, in giant BP, when the Government the ruo up to Christmas, it's sold off part of its holding back quite possible that the cash for in June? And if so, have you that second call is somewhat done anything about sending off difficult to find.

But failure to find it is going to make that investment very expensive indeed. The shares in their partly paid form can no longer be traded in the market; they are useless until the outstanding monies are paid up. And it's no use just postponing the date of payment, for the Treasury is now preparing to require payment of interest on the amount outstanding. It's not a nominal amount of interest, either. It's minimum lending rate (now 7 per cent) plus 5 per cent—that is considerably more expensive at the moment, than most bank overdrafts.

It's true that that rate of interest has not as yet been (generally) imposed. The Treasury is sending out reminders to the defaulters first. But once it is imposed (and really big defaulters will be feeling the bite first), it will be with effect from December 7, the day after the money was due in. So priority was given in the allotment to borrow, if need be, to settle it's easy enough to see why that debt forthwith. The All the hoop-over the issue Treasury does, after all, have attracted in a lot of people who an ultimate sanction in reserve don't normally invest in —£3 per share from you, paid equities. They probably didn't back in June.

## Diary of a small investor

This is the sixth instalment in a saga which began with the investment by Mr. A. H. Carter of £1,000 in the early fifties, supplemented by a further £1,000 worth of shares in the late fifties, £1,000 of borrowed cash in 1959 (the loan was repaid in 1970) and £2,500 of cash in 1970. Previous instalments may be found in the Financial Times on the Saturdays between February 12 and March 12, 1977.

Theme and variation: August 1976-October 1977. I have traced the growth of my portfolio, built up on a consistent policy of buying depressed high-yielding shares for recovery, from my initial investment of some £3,000 in the 'fifties—supplemented by £2,500 in 1970—to August 24, 1976, when its market value was £45,145. Up to the 'seventies, one considered 10 per cent, a high yield. As the Index declined with the pound sterling, from 361 on August 24 to its low of 265 on October 27, one could take one's pick of an increasing number of 'Ultra High Yielders returning 20 per cent, or more. Already fully invested, with an overdraft of £4,000, I made 20 sales from September to December, realising £15,369, most of which

I would in normal circumstances have considered premature. I found myself selling depressed high yielders, often at a loss, in order to buy ultra high yielders—British Printing Corporation, RKT, Ferguson Industrial Holdings, Allied Polymers and UBM. However, I concentrated mainly on two other ultra-high yielders, making 14 purchases costing £9,515 (partly financed by £3,000 of further borrowings), as the two went down from September to November. I already held 2,000 Burton Group "A" shares, and bought a further 2,000 on September 28 at 32p, followed by another 4,000 at 29p on October 5. I made four more purchases in October and November at 21-25p, bringing my total holding to 17,500. I sold 7,000 the following April and May at 73-79p and

re-invested the proceeds in other depressed high yielders. I had bought a mere 300 J. Lyons "A" shares at 188p—less than half their recent peak—in March, 1974, and another 800 at 121p in July, 1974. I not only took-up my "rights" at 105p in April, 1976; but bought further shares at 114p and 89p to bring my total holding to 3,000 in June, 1976. At fairly regular intervals through the following gloom-laden autumn I went on buying Lyons' shares in parcels of 1,000-2,000, all the way down from 72p to 31p, finishing with a grand total of 14,200 shares, which I still hold. Net dividends from these shares in the first eight months of 1977 were £1,075. On October 25, 1977, my 60th birthday, with the Index at 317, the market value of my portfolio was £113,053, the star performer (at 44p) being Oxley Printing, which had stood at only 9p on August 24, 1976. I had built up a holding of 3,000 (25p nominal) shares in Oxley, at an average cost of 25p, during the years 1969-71, when the company was beginning to shed its former role of a conglomerate. And shedding it successfully: acquiring and restoring the fortunes of Morrison and Gibb, the long-established Scottish book-printing firm. Scrip issues in 1972 and 1973 increased my holding

to 6,300, and in March, 1974, I bought 2,500 more at 15p, the price having fallen quickly with the market from 29p. Net dividends paid for 1973 were 255p per share. Post-Suez, Oxley's brave attempt to revive another newly-acquired lame duck, Tinting (1973) Ltd., ended with that company going into receivership in June, 1975, the parent company declining to eodanger the group by injecting further funds. Having paid an interim 5 per cent, Oxley passed its final for 1974 in mid-summer 1975. The shares slumped to 9p, at which price I then virtually doubled my holding to its present 17,000 shares. At 9p, was not the Stock Market saying that it was improbable Oxley—now resuming dividends—could ever restore even its interim dividend, costing over £50,000 net? Was a purchase at that price, on Oxley's record, any more speculative than buying Marks and Spencer on the assumption that a first-class management will never grow stale, nor the competition keen? In these 14 months I made 50 purchases costing £30,885 and 25 sales producing £21,154. Realised gains totalled £5,082 and losses £1,543. Next Saturday—Part 7: No Free Lunches. Has Mr. Carter disproved the prevailing academic theory of the Stock Market?

And what of Second Broad-shareholders should make mount shareholders, now the up their minds between now startled recipients of some very and Monday about the offer for ingenious proposals from Chief their shares from British Rail Trust Managers? It is worth pension funds. The options are your while to wait and see your real cash in the band; (sell directors' detailed comments—in the market for absolute but they will be hard put to certainty; accept the offer if put up, a good case against the you are not quite so desperate proposition. If you want to be for the money and potential certain of your advantage, sell cash in the trusts (do nothing). In the market.

## Looking after all our savings

IF FOREFATHERS, if they the years of fluctuating interest any surplus cash, could rates. The results were two-fold. In the first place the pension fund, instead of being independent of the fortunes of the Society, was very much tied in with its future. In the second the fund, while never insolvent, earned less investment income than could have been expected; and consequently pensions were lower than they might have been. That is the sort of problem that trustees may never have to face. But some employers apparently do take the view that the pension fund can be used as a source of cheap unsecured finance. And under those circumstances the trustees are going to have to face "up" the responsibility to ensure that such transactions—if they must be done—shall be done at arm's length and on a proper commercial basis. The tricky question of whether pension fund money should be invested with the parent company is in fact one where trustees require professional guidance. With much of our involuntary savings under their care, the pension fund trustees occupy a position which is not to be taken lightly or in ignorance. And indeed, there are various schemes for the education of pension fund trustees in their responsibilities: the General and Municipal Workers' Union holds regular courses for its shop stewards in just that subject, and the Metropolitan Pension Association also has courses for the trustees of its clients' scheme. It may be a matter of remedying financial ignorance rather late in the day; but better late than never.

ERIC SHORT

# CHIEFTAIN HIGH INCOME UNITS

### SINCE ITS LAUNCH THE UK'S BEST PERFORMING HIGH INCOME TRUST

# 9.58%

FIXED PRICE OFFER CLOSES ON 16TH DECEMBER 1977

Chieftain High Income Unit Trust aims to bring you immediate high income combined with prospects of good capital growth.

Since the launch of the Trust in September 1976, the offer price of units has increased by 67.6%. In the same period, the F.T. Ordinary Share Index has risen by 37.2%. During this time, the Trust has outperformed all other U.K. authorised high yielding unit trusts.

Over the years we shall seek to ensure that the income you receive grows. Furthermore, while high income is the main purpose of the Trust, it is an historical fact that high income unit trusts have often been some of the best vehicles for capital growth.

We believe that, in the long term, the potential for growth of both income and capital will give you a significantly better total return than a fixed interest investment such as a gilt-edged security or a fixed capital investment such as a building society.

Although you can sell your units at any time, unit trusts should not be regarded as a short-term speculative investment, and we would like to emphasise that the price of units, and the income from them, can go down as well as up.

### WHY A UNIT TRUST?

The problem associated with stocks and shares for the individual investor is, of course, that he rarely has enough capital to spread his risk, and sufficient information to choose with confidence. This is particularly true for those seeking a high income.

But the beauty of a unit trust is that, through it, you invest in a wide portfolio of stocks and shares, which is managed for you by full-time professionals. Your financial adviser will be able to answer any questions you may have about the merits of unit trust investment.

### INVESTMENT PROSPECTS

The funds of Chieftain High Income Trust are invested in high yielding stocks and shares.

Share prices are significantly above their levels of twelve months ago, although they are well below their peak for the year. This rise has been caused by a number of linked financial factors. As North Sea oil has begun to make a positive contribution to the balance of payments, sterling has strengthened, interest rates have fallen sharply and company profits have in general improved. There are now clearer signs that the still high rate of inflation could at last be falling.

Chieftain's managers believe that in the long term the wealth generated by North Sea oil will

continue to play a considerable part in the recovery of the U.K.'s economy from what is still a very depressed level of activity. In the short term much will depend on the level of wage settlements in the coming year.

If there is a wage explosion, inflation will accelerate again and share prices will fall. However, if the Government continues to hold the general level of wage settlements to somewhere near its guidelines, then we believe there is considerable scope throughout 1978 for inflation to return to a more reasonable level, and for industrial confidence to strengthen.

This would allow substantial further growth in share prices, and consequent increases both in the value of Chieftain High Income Units and in the income they will provide.

### INVESTMENT POLICY

Our policy is that by far the greater part of the Trust's funds is invested in high yielding ordinary shares. Holdings of preference shares will not exceed 20%. More than this would, we believe, restrict opportunities for growth.

In order to minimise risk, the portfolio is spread over about 100 U.K. companies.

Our investment managers monitor the progress of these companies very carefully and act accordingly. And here, curiously, they are helped by the fact that Chieftain High Income is still a young trust, because this enables them to be quicker and more flexible in their investment tactics, especially when shares need to be sold. Very large holdings can be difficult to dispose of at a satisfactory price.

### YOUR REASSURANCE

Chieftain Trust Managers Ltd. was established in September 1976. Its four trusts, dealing in overseas as well as U.K. markets, have already attracted funds worth almost £6 million. This exceptional rate of growth has owed much to the considerable

support Chieftain has received from stockbrokers and investment advisers.

The Trustee of Chieftain High Income Trust is Midland Bank Trust Company. The main duties of the Trustee are to hold the title to the Trust's investments, and to check that all purchases made by the Trust are in accordance with the Trust deed; to ensure that the income is distributed to the unitholders properly; and to approve advertising and literature.

### TAX ADVANTAGES

You can sell your units on any normal working day at the prevailing bid price. You will normally receive a cheque within seven days of receipt of your renounced certificate.

If you are a basic rate taxpayer, you will generally incur no tax liability when you come to sell.

If you are paying a higher rate of tax at the time of sale, you will be liable to Capital Gains Tax. But, even for the top-rate taxpayer, there is a maximum liability of only 13% (against the normal rate of 30%).

### CLOSING DATE

Until 16th December 1977, units will be available at a fixed price of 41.9p each. Your application will not be acknowledged, but you will receive a certificate by 27th January 1978.

Fill in the coupon, or talk to your financial adviser, without delay.

### GENERAL INFORMATION

The offer will close if the underlying price of units should rise by 2 1/2%. After 16th December 1977 units will be available at the daily quoted price and yield published in most newspapers.

Chieftain High Income Units were first offered on 6th September 1976 at 25p each.

There is an initial management charge of 5% included in the price of units. There is also an annual charge of 2 1/2% (plus VAT) which has been allowed for in the quoted yield.

The Managers will pay the standard rates of commission to recognised professional advisers, who are invited to ring 01-248 3612 for further details of High Income and other Chieftain Trusts.

Income is paid net of income tax, but this can be reclaimed by non-taxpayers.

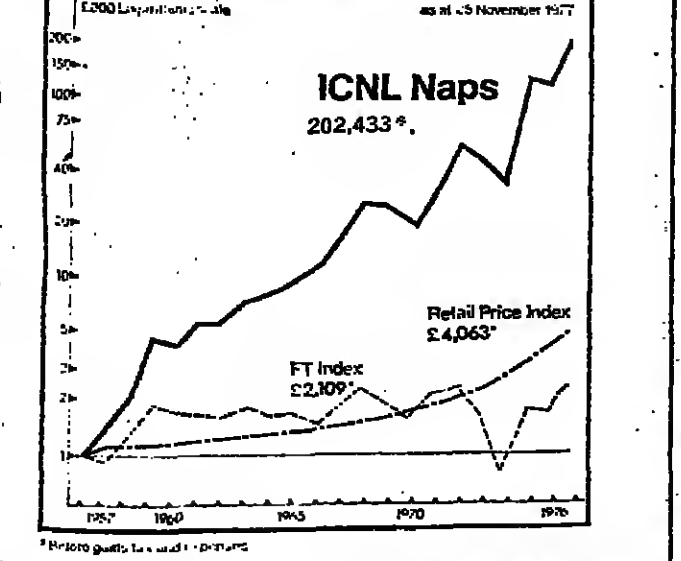
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## A term for life

LAST WEEK, I discussed the implications of a recent survey, carried out by the magazine "Money Which," on advice provided by insurance brokers. One letter from an irate broker attacked my comments very strongly, as well as pouring scorn on the survey itself. It was apparent from his remarks that he regards the whole-life non-profit policy as the ideal solution.

I consider that this contract, which incidentally provides the highest level of commission, should not be sold to any investor under the age of 45, except under exceptional circumstances. The argument for it is that the policy provides the cheapest method of providing cash on death at any time. But a convertible term assurance will do the job much better, while giving the investor maximum flexibility in future years when he reviews his requirements. An example is a new contract from Standard Life.

It is a five year convertible term assurance, which provides maximum cover at very low cost. At the end of five years, the investor can renew his temporary cover without medical evidence, increasing the cover by 50 per cent. And he can continue to do this every five years until he reaches 60. If he decides that he wants a more permanent form of life cover, then he can convert to a whole life contract. For a man aged 30, the annual premium under this contract for cover of £10,000 is £22 compared with £97 for a whole life non-profit plan.

But when the investor decides that the time has come to have some savings and less protection, then he can convert all or part of the plan to with-profits endowment assurance. E.S.



# Finance and the family/Insurance

## Capital gains warrants

BY OUR LEGAL STAFF

Are disposals of New Thromorton Capital Trust and Montague Burton Investment Trust warrants categorised for capital gains liability purposes as ordinary shares or investment trust shares?

Disposals of warrants do not rank for the relief given for certain investment trust gains. Disposals of New Thromorton Trust Limited warrants may give rise to inflated CGT liabilities, because (unlike Montague Burton Investment Trust Limited warrants, which are warrants to subscribe) they are warrants to purchase capital loan stock; they consequently fall outside the scope of section 58(1)(a) of the Finance Act 1971 and are wasting assets governed by paragraph 14(4) of Schedule 7 to the Finance Act 1968.

If investment trust warrants are exercised, the relief applicable to the resulting shares or capital loan stock is not restricted, under section 112 (6-10) of the Finance Act 1973 (because of the effect of paragraph 10(2) of schedule 10 of the Finance Act 1971), and the wasting-asset provisions are avoided. It may therefore sometimes be worthwhile exercising warrants and selling the resulting shares/stock, rather than simply selling the warrants, even though this may reduce the potential profit—for the reduction in the potential CGT liability may be greater than the potential profit forgone.

Lewis Carroll's Alice would have felt at home in the world of capital gains tax.

### American wife's dividends

Does your reply under American wife's dividends (November 5), apply only to American wives and U.K. nationals, or is it part of a general change in the laws governing domiciled aliens? Our answer related only to U.S. citizens. The U.S./U.K. double taxation agreements of 1945 and 1975 contain unique features, which reflect unusual features in the U.S. tax system. U.S. citizenship carries a liability to U.S. tax which is largely independent of residence.

Incidentally, in a public reference library, you will find copies of the U.K.'s current double taxation agreements in, for example, volume F of Simon's Taxes. (To be precise, volume F at present contains copies of current agreements whose text had been published by July 15.)

### Separation and the revenue

In your reply under Separation and the Revenue (November 5) you stated that where a maintenance order is paid by the husband to the wife in respect of the children the husband receives tax rebate in respect of the allowance, but that the proportion (if any) of the children's tax allowance allotted to the husband (by the Revenue in default of agreement) would be cut. Could you please elucidate?

If a man is ordered by a U.K. court to pay maintenance to his child (as distinct from a payment to his former wife, for

the child's maintenance), the amount will be deductible from the man's total income, and will not fall within section 437 of the Taxes Act.

The amount will form part—or in many cases the whole—of the child's total income. It will therefore be taken into account in restricting the child allowance under subsection 5 of section 10 of the Taxes Act, as amended.

If the man makes no other provision for the child's maintenance and education, the whole of any residual child allowance will be allocated to the former wife (assuming she is the only other potential claimant), under the final provisions of subsection 3 of section 10 of the Taxes Act.

Incidentally, you will note that the definition of "investment income" in subsection 5 of section 10 of the Taxes Act, as amended, is not the same as the definition in subsection 3 of section 32 of the Finance Act 1971, as extended by section 15 of the Finance Act 1974.

### High income bonds and tax

For some years I have had High Income Bonds issued by various concerns. Until 1975-76 I paid no tax, but in that year they were included in my income and I paid higher-rate tax. This year, income from these bonds has again been omitted from my tax demand. What should I do?

There is no simple answer to your question—the legislation is complex and the tax position depends on the precise facts of each particular case. The simplest solution to your problem is probably to seek the guidance of the companies who issued the bonds, since they will know the precise circumstances of each payment. Alternatively, or in addition, you could ask the tax inspector to help you to understand the higher-rate tax assessments for 1975-76 and other years.

If you cannot reach agreement with the inspector, you might like to come back to us with fuller details (including, if possible, copies of letters, etc., from the issuing companies).

### A charge for administration

Recently the flat roof of our block of flats leaked and the agents called in a roofing firm, who repaired it at a cost of £850. I moved in while this was going on, and suggested that a surveyor should be called in, but the other tenants were inclined to let the matter go. To the bill for repairs sent to the tenants was added 10 per cent for administration. What services, if any, should be given for "administration"? Is there anything we can do? Unfortunately there is no statutory or common law definition of what items may properly be included in administration expenses. The custom of managing agents is to charge a percentage of the sums administered, and 10 per cent is by no means too high. We think that you would not succeed in mounting a challenge to the administration charge. How-

ever you may seek to disallow the £850 item itself on the ground that there was no compliance with Section 81A of the Housing Finance Act 1972, which requires two estimates to be obtained for work costing over £250. A contemporaneous attack on the administration charge as not being reasonable under Section 81A(3)(b) might also be worthwhile.

### Sale of a caravan

I own a caravan permanently situated on a holiday site for which I pay rent to the site owner. In the past, it was the custom for an owner who wished to sell to do so through the site owner. Now there is a new owner can I sell my van privately, or must I accept whatever figure the site owner offers?

It is likely that you have a written contract for the renting of the site from the site owner. If that contract has no provision relating to the sale of your caravan you are free to sell it without the participation of the site owner. However some site owners seek to restrict the caravan owner's power to sell the caravan by provisions in the site tenancy agreement. If this is so in your case it is important to know exactly what the provision is. Some such provisions might be capable of being attacked as being contrary to public policy, but this would not be so if there is only a right of pre-emption for the site owner.

### Root damage and insurance

It is true that the growth of the roots of a tree under a house is the responsibility of the tree's owner? If so, why should it be suggested, as in the case of a friend of mine, that he should pass a subsidence claim to the company which insures the contents of his house?

It is unfortunately true that if the roots of a tree grow into another man's subsoil, it is, in law, an invasion of that other man's property, and an actionable nuisance. This has been decided in a number of cases of high authority. Your friend will probably, however, be covered against claims by his neighbour under the standard forms of buildings and contents insurance under the heading "Public Liability".

### Domicile for CTT

I became resident in the U.K. for tax purposes on April 8, 1962, but am regarded as domiciled outside the U.K. In what year shall I be deemed domiciled in the U.K. for capital transfer tax purposes? We take the view that residence in seventeen successive years will complete the requisite period for being treated as domiciled in the U.K. for the purpose of Capital Transfer Tax.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as accepted by the Financial Times possible.

THIS PAST WEEK I seem to have spent much of my time talking about excesses—not the gastronomic kind that so many indulge in at this time of the year, nor the alcoholic kind which concern police and magistrates, but the insurance variety, where the policyholder has to bear some of his own risk: be this a fixed sum agreed in advance, or a percentage of the claim when it is made.

The first problem came from a friend of a friend, a lady who had just taken possession of some £15,000 worth of jewellery by way of inheritance following a death in the family. Living in what estate agents call a highly desirable residential suburb—which insurers designate as a high crime risk area—she had been told by her insurers that they would provide "all risks" cover only if she bought a small but adequate safe and agreed to a warranty that the jewellery would be kept in the same when not being worn.

On her refusal of what is, in present day conditions, a very reasonable proposition, insurers had said: "Perhaps you would like to pay twice our normal rate and bear a 25 per cent excess on each and every claim."

This kind of excess, or as it

## A problem of excess

BY JOHN PHILIP

is sometimes called, percentage co-insurance, is designed partly to protect insurers from a 100 per cent loss, but principally to ensure that the policyholder has a financial stake in the safety of the property, of sufficient size to make him or her that much more careful at all times. A rare underwriting measure in the personal insurance sphere, it is more often encountered in commercial contracts. And where such a percentage co-insurance is imposed, it is normal for insurers to warrant that the percentage is not insured elsewhere: so that if the policyholder obtains cover for that percentage, then the main cover straightway lapses.

My advice was that the safe should be bought, and the safe warranty accepted; that with a long-standing family connection with the insurers making the proposition it would be foolish to lose goodwill by shopping around.

Scarcely had the dust settled than I was involved in an argu-

ment over the growing practice of insurers relating the subsidence excess on the home buildings policy to the cost of reconstruction, rather than to the sum insured.

Most insurers have settled for a 3 per cent excess, since subsidence cover was first included in home insurances in 1970, and until recently this 3 per cent was related to the sum insured. But faced with so much under insurance, with some insured often up to 50 per cent below current rebuilding costs, insurers decided to change the excess yardstick.

The policyholder who maintains an adequate buildings sum insured, whether by regular revision or by index linking has nothing to worry about. His sum insured will represent the current rebuilding cost and the percentage excess he bears will be the same whether it is related to one or the other.

For insurers to continue to relate the subsidence excess to the sum insured would clearly be unfair to those policyholders

who keep their sums insured up to date: suppose two neighbours, Smith and Jones live in adjoining semi-detached houses, now affected by subsidence. Smith has kept his insurance up, so that at £20,000 it represents current rebuilding costs, but Jones has not, and his insurance is for only £12,500. It would be utterly iniquitous for insurers to require Smith to pay £500 towards the cost of subsidence repair, but to ask Jones for only £375.

I am not arguing the fairness or otherwise of the principle of the subsidence excess. Quite clearly, from the substantial losses insurers have incurred in providing partial subsidence cover, they are not in a position to provide excess free subsidence cover without a considerable increase in rates—and since the total cost of last year's claims and this year's has still to be accurately assessed, it is far too early for insurers to contemplate what the price might be.

Excesses have been an under-

writing feature of motor insurance since the earliest days of the motor car, but the average motorist is still reluctant to carry an excess sensible in the present day monetary terms. A third excess problem came from a motorist who was faced with the imposition of a £100 dental damage excess as a series of claims for repairs arising from the inner urban use and kerbside parking.

£100 seems a lot of money to those of us who can remember the days when a little went a long way—when prime cost cost half a crown a pound but when the average weekly wage was under £5.

In the 1930s the near standard motor excess was £5; there was no logic connecting its size to the average weekly wage. The two sums happened closely to coincide. Now the average weekly wage is around £75 and there is much to be said for the argument that the ordinary motor excess should be in the region of £75. Viewed from this aspect, the £100 excess imposed for a substandard claimant is very mild, and almost certainly fixed by an underwriter who can remember when a pound was a pound, and not the cost of a couple of gin and tonics in a City bar.

## Education

## A legal question of degree

PURE COINCIDENCE has just furnished evidence that local education authorities may be acting unlawfully, and that Mrs. Shirley Williams could be accused of neglecting a statutory duty.

It pains me to say that after watching the Secretary for Education and Science's admirable behaviour at the conference of the National Union of Students (as guest speaker, she was treated to a boorish, mindless demonstration and responded by going to considerable trouble to get one of the delegates out of a gaol). But the law is the law, and in this case it is particularly relevant to Mrs. Williams—namely, the Sex Discrimination Act.

The particular "equal opportunity" I am concerned with is that of being declared a first-class honours graduate by a U.K. university, which brings me to the first half of this week's coincidence.

On Tuesday the Stationery Office published the official statistics on university awards, honours and so on for 1973. For the second year in succession the figures show that the proportion of the men bachelor-level graduates gaining first-class honours was 7.6 per cent, whereas only 4.6 per cent of

the women gained the same distinction.

Now this may look like evidence of male intellectual supremacy. But anyone who treats it as such is, I fear, acting foolishly. The 3 per cent gap is almost certainly far less the result of differences in brain power and studious application, than of a sex-discriminatory device built into this country's education system.

It needs no more than a careful look at any year's statistics on university degree awards to see that a student's chances of gaining first-class honours are considerably better in some subject groups than in others.

In 1973 for example, the proportions of bachelor-degree graduates awarded first in the different subject groups were respectively: sciences 10.8 per cent; engineering and technology 9.8; language, literature and arts studies 6.3; agriculture, forestry and veterinary science 4.3; arts other than languages 3.9; medicine, dentistry and health 3.7; social, administrative and business studies 3.5; architecture and other professional and vocational subjects 3.5; and education a mere 1.8.

On the face of it, these differences mainly account for men's large, regular advantage

over women in having their educational performance publicly stamped first class. I say this because of all the 36,689 men graduates in 1973, 50 per cent took their degrees in the non-medical science and technology subjects where the chances of a first are relatively high compared with only about 24 per cent of the 18,959 women.

In 1974 the corresponding figures were again 50 per cent of the 36,739 men, and 25 per cent of the 18,074 women. And part of the cause of this startling difference has been publicly acknowledged by educational politicians and professionals many times. It is the generally worse provision of school teaching in sciences for girls pupils, than for boys.

This brings me to the second half of the coincidence—the publication on Thursday of the Equal Opportunities Commission's report on the procedures for choosing children for grammar school, applied by the Tameside local authority after its won-it-legal struggle against central government last year to continue selective secondary schooling.

The commission's report not only declares Tameside's behaviour free of any unlawful chauvinism, but also provides the commission's first full interpretation of the Sex Discrimination Act as it applies to education.

In particular, the report points out that Section 23 of the Act makes it unlawful for a local education authority "to do any act which constitutes sex discrimination" in carrying out its general statutory educational functions. "For example," the commission goes on, "it would seem that an authority which provides less favourable opportunities in its area for girls than for boys to learn advanced physics, and consequently treated a particular girl or girls less favourably on the ground of sex than it treated boys, would be acting contrary to Section 23 read together with Section 11(1)(a). This would be so, even though the better opportunities for boys arose from the existence of exempt schools (from the Act) single-sex boys' schools with more places for students of advanced physics."

Given this, and the official statistics which I quoted previously, there is surely prima facie evidence that many local authorities are contravening the Act.

Moreover, the commission adds that Section 25 "imposes a general duty on responsible bodies for educational establishments in the public sector to secure that their facilities are provided without sex discrimination." And "the main responsibility for securing compliance with the Act in the public sector rests with the Secretary of State for Education and Science."

With the evidence before them, there seems no longer to be any doubt that in failing to "secure that girl pupils of equivalent age, ability and aptitude are afforded no less favourable provision than the boys' schools," local education authorities are acting unlawfully. It also seems clear that the main duty for setting the matter to rights rests with Mrs. Williams.

It will be difficult for her to fulfil this duty. Even if the extra science-side teaching to be found and trained by the Education Secretary would either union opposition, making room for them in the schools by dispensing with surplus arts-side staff, Treasury opposition to any public spending on education so as to add the science specialists to the teaching force.

But the law is the law, and should be enforced.

MICHAEL DIXON

## Bridge

MANY CONTRACTS fall simply because the declarer has no clear idea of where he is going. In a major suit game contract the declarer must keep his eyes firmly on his ten-trick goal, and not let himself be diverted from the right path towards it.

Let us now take a second look at a hand from Victor Mollo's Bridge Course Complete which I discussed last week:

♠ 7  
♥ 8 5  
♦ 9 8  
♣ A K 9 8 7 3

W. ♠ A Q 10 3  
♥ J 9 3 2  
♦ Q J 10 5  
♣ 2

E. ♠ 8 6 5 2  
♥ 4  
♦ 4 4 3  
♣ Q J 10

S. ♠ K  
♥ A K Q 10 7 5  
♦ A K 2  
♣ 8 5 4

South hid two hearts, North showed his clubs, and South ended up in four hearts.

This hand illustrates faulty defence, first of all in the opening lead, when West chooses to lead the two of clubs—in principle, and on this occasion in practice, it is bad for a defender, holding four trumps, to lead a singleton. The declarer won, drew two rounds of trumps, and led a club. West ruffed in front of dummy, and this second error gave away the contract.

The correct opening of the diamond Queen holds declarer to nine tricks, but even after the had lead West is given a second chance to put the contract down by not ruffing a losing club. But—and this is what I thought worthy of note—the declarer should never have given West a second chance.

After the club lead the contract is held by South's partner properly. After winning in dummy, he should cash Ace King, Queen of trumps, and then let West make his Knave.

West switches to the diamond Queen—the spade Ace is no better—South wins, and then ducks one round of clubs. East wins and returns a spade—a diamond is no good, because South still has a stopper—and West makes the Ace. But the rest of the tricks belong to the declarer.

The next hand, which occurred in an expert game, is an example of excellent dummy play:

## Money

## Home loans hopes

HOME OWNERS will not, after societies could still come up all, be receiving a Christmas with something of a seasonal bonus in the form of still lower mortgage rates. A cut in the cost of home loans had been expected up until the end of movement unprecedented November, but when the Bank of England gave the nod for a such is the extent of its edge renewed rise in the general over other competitors that it level of interest rates than the can, even think about the chances for a reduction became own rates while those elsewhere have been moving in the opposite direction.

The cost of home loans has in any case been brought down three times during 1977, from an all-time peak of 12½ per cent full impact on their own inflows in May to the present 9½ per cent, which effectively means a real cost of under 7 per cent for most borrowers. So, as rises are in the wind, a development which would more likely be concerned to keep the cost of loans down, they feel that the owner-occupier has been well treated by them this year and that the case for further reductions does not have to be considered in a rush.

And although an announcement of still lower rates has not come in time to help swell the Christmas spirit, the upon, despite the traditional

misgivings about offering the long-suffering investor even less of a good deal on his money.

Some societies have been offering depositors a slightly better deal on their investment since recommended building society rates were changed in October. Whether or not they will fall back into line if another round of interest rate cuts is decided by societies in January or whether they will still continue to offer some added bonus remains to be seen.

Whatever they decide, there is apparently little pressure on them to make any particular decision. One factor to be borne in mind, however, is the eventual impact on house prices of a continuation of the current record volume of mortgage lending. Societies do not wish to find themselves in a position where, to prevent overheating in the market, they are forced to withhold funds which are readily available. So a further trimming of their rates, followed by a reduction in funds far lending, could at least assist in maintaining price stability.

trump return was won with the Queen, and the nipe of clubs was led. West covered with the Knave, and South ruffed. A trump to dummy's Ace was followed by the club Queen, the Ace covered, and declarer won with his last trump.

New a low heart from hand

E. P. C. COTTE

lost to the eight, East returned the ten—he has no better alternative—and South's Knave drew West's Ace. A doubly sure, declarer discarded a diamond from the table, and the diamond Ace was the trick left for the defence.

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# Motoring



## A battle of looks

BY STUART MARSHALL

ANYONE looking for a family hatchback costing around £2,500 who does not fancy the complexities of front-wheel drive will find there is not a lot of choice. Only four cars of this class are in the British market.

First to arrive, two years ago, were the Vauxhall Chevette and the stationer, the Opel City. Next was the most European of Japanese cars, the Mazda 3 hatchback. And finally (for the time being, at any rate) came the Chrysler Sunbeam.

The Sunbeam's smartly shapely styling is typical of the new generation of Chrysler cars: the Alpine and the Horizon the latter due to go on sale in France early in the New Year and to arrive here towards the end of 1978. Underneath, it is effectively a slightly shortened Chrysler (see Hillman) venger. Buyers have a choice of a 928 cc overhead camshaft, 11 alloy engine based on the 1.1 Hillman Imp's, or 1.3 litre d 1.6 litre versions of the venger's cast iron, overhead engine.

So far, the Imp engine Sunbeam has eluded me. People who have driven it say it does up for a certain lack of grip by having better handling in the more powerful, nose-over 1.3 and 1.6 models. But a 1.6 Sunbeam GL (theidium—luxury trim version) cost £2,692 that I drove last week should please most people. It should give round corners and sits down on the road, it is a pleasant car in traffic. The clutch is light, the gearshift is easy, and the large glass windows ensure good visibility all round. Acceleration is lively, not exactly kick-in-the-back, but it is no problem, once you accept that the steering is far from finger-light at low speeds. In a cross-country journey, the Sunbeam runs up to nearly 50 m.p.h. in second and well over 60 m.p.h. in third without getting fussy.

For motorway driving, 70 m.p.h. is a reasonably relaxed cruising speed. There is little wind roar, but the engine is just starting to make a resonant drone, loud enough for the optional extra radio to need turning up a bit. Pushing the Sunbeam past the 70 m.p.h. mark makes this droning noise louder still until at an indicated 80 m.p.h., it is rather unpleasant. Still, this should only bother persistent law breakers and owners who want to belt down the autoroute to the Mediterranean in the shortest possible time.

In a crosswind on a motorway, the Sunbeam is inclined to wander and has to be held on course. Around town, the engine is flexible enough to pull top gear down to 25 m.p.h. and accelerate smoothly away. Fuel consumption is good. The 32.3 miles per gallon returned was for a mixture of driving in town and brisk main road motoring.

The ride is on the firm side and the back end of the car can get a little frisky on rough roads but, on the whole, it offers a reasonable compromise between comfort and good roadholding. Cornered hard, the Sunbeam rolls only a little.

It has a comfortable, fairly upright driving position and the instruments—even the cheapest Sunbeam has a trip recorder in the speedometer—are easily seen. Among warning lights is one showing that a door has not been properly shut. The interior is welcoming with cheerful tartan cloth inserts in the seats and the fascia, carpets and door panels are all colour matched.

# Golf

## A champion to follow Nicklaus

BY BEN WRIGHT

IT WAS ONLY fitting that the damned-A pinched nerve somewhere in the region of his right shoulder and neck caused him to miss 20 tournaments in that part of the year when he might have been progressing serenely to a prize-winning total of over \$250,000.

Pate was told to rest until, in despair, he turned to yet another source of medical information who told him that rest was not the answer. Instead, Pate was put on a rigorous series of strength-building exercises for the upper body, and his form in the last two months has been meteoric, to say the least. He won the Southern Open at Pensacola, Florida, by no less than seven shots, despite a sloppy finish.

I now maintain that he is the man who will take over the mantle of the great Jack Nicklaus, if any one youngster is to do this. Some months ago, Nicklaus, who has taken Pate under his wing, was playing a friendly game with the youngster and his father. At one stage the

usually phlegmatic Nicklaus turned to Pate and said, in the hearing of his father: "I've got to say one thing. You are a very brash young man." Totally unabashed, Pate replied: "I'm not likely to forget that when you first came out you said you were going to beat everyone. Jack, I only feel the same way."

The remarkable thing about this most enjoyable tournament was the respect, admiration and affection between the two sexes. This was no corny challenge of the sexes. This was the very best in teamwork and strategy, taken to quite unbelievable technical lengths. For instance, at some par five holes, the man would drive the lower compression golf ball favoured by the ladies in the certain knowledge that it was his female partner who would play the third shot for the team—and would therefore rather do so with a golf ball well known to her in terms of initial velocity and so

It came as a tremendous surprise, however, to everyone that after a lengthy conference it was the delightful, chubby Miss Stacy who played her team's third shot to the green at the 573-yards 18th hole when the team needed a birdie for victory.

On the previous days Stacy had putted so devastatingly that it had been Pate who played the third shot. But this most engaging young man told me that he had insisted that Stacy hit an eight-iron shot of 130 yards because—155 yards out himself—he had been caught in two minds between a six and seven iron shot. This indicates exactly how much the younger generation are relying on yardage charts rather than a sense of touch. But the result was magical.

Strahse and Lopez are obviously on the verge of greatness. In her first season, Lopez had been second four times in her opening months as a professional. Strange has had two second places and a fourth on the U.S. tour and tied for second in Australia the week before the Pepsi event. It is only a matter of time before both of them break through to the big time.

As everyone headed for home and the Christmas holidays, two startling items of news emerged. A tournament for 16 professionals over 30 years of age entitled The Legend Tournament will be played in Austin, Texas, next April for prize money of \$400,000, with Arnold Palmer the only gentleman below senior status invited to make up the number.

Lastly the USPGA tour has been bought up in terms of television rights by CBS and NBC for three years from 1979 onwards, with the former scheduled to cover over 20 tournaments, for a mere \$300m. Golf never had it so good in financial terms, but I wonder whether the audience is ready for such a vast amount of sport on television. We shall see.

# Stamps

## Feeling a little festive

GIVEN THE almost infinite scope of the Christmas theme, both religious and secular, both traditional and ultra-modern, it is quite uncanny how certain subjects coincide. A few years ago the British Post Office used vignettes from the illuminated manuscript known as the De Lisle Psalter, and the self-same vignettes appeared simultaneously on the series issued by the Cook Islands. This year Britain has produced a set of five different 7p stamps and a single 9p stamp featuring the motifs from the well-known traditional song, "The Twelve Days of Christmas." Given the fact that an average of 30 countries have been issuing Christmas stamps over the past 15 years and more it is perhaps surprising that this popular carol has only once before been the subject of a stamp—one of the Christmas stamps designed by Andrew Weath for the U.S. in 1971.

Now it has bobbed up again on the stamps of three countries. The "Partridge in a Pear Tree" is not only shown on David Gentleman's 9p stamp for Britain, but also graces New Zealand's 23c stamp. The entire carol is shown, day by day, on the 12 stamps that make up the miniature sheet designed



by Jennifer Toombs for Christmas Island in the Indian Ocean. The sheet contains three rows of 10c stamps, each depicting a different gift sent by an ardent suitor to his true love over the period from December 25 to January 6, and obligingly Christmas Island is laying on a special First Day postmarking service so that individual stamps can be cancelled on the appropriate day of the Christmas season. Miss Toombs brings a whimsical touch to stamp design, a refreshing element which is all too often lacking these days. In particular I like her interpretation of "ten lords a-leaping," which shows robed and coroneted members of the Upper House indulging in a game of leap-frog.

The only other country to inject a touch of humour into its Christmas issue this year is Australia. The 15c denomination, intended for the domestic greetings rate, shows Santa Claus on a surf-board—a reminder to those of us in the Northern Hemisphere that Christmas "down-under" probably means a barbecue on the beach. The 43c prepaying the overseas airmail rate, takes the more traditional theme of the Madonna and Child.

The quest for something original to depict has exercised the minds of several designers this year and this has resulted in a more than usually interesting batch of Christmas stamps. The other Christmas Island, the one in the Pacific forming part of the Gilbert group, is highlighted in a set of four stamps designed by John Cooter for the Gilbert Islands.

This month sees the bicentenary of Captain Cook's discovery of the island on Christmas Day and the stamps show the Resolution and Discovery off Christmas Island (8c), an extract from Cook's logbook (15c), Captain Cook gazing at the island (20c) and the ship's longboat going ashore (40c).

Three countries have paid deference to Peter Paul Rubens' 10th bicentenary year by reproducing his paintings on their Christmas stamps. His "Head of a Child" appears on one of Costa Rica's four stamps. France's 2frs. stamps feature a detail from "The Virgin and Child with the Two Donors," now in the Museum of Fine Arts, Tours. Fortunately no attempt was made to cram in the two donors, Alexandre Goubeau and his wife Anne Antoni, who commissioned Rubens to paint the canvas for the masons' chapel in Notre Dame of Antwerp. The four Christmas stamps from Niue reproduce religious works in European galleries, including "The Holy Family" in the Wallace Collection.

The neighbouring Cook Islands have chosen a medley of great Renaissance paintings, mostly from the Flemish school, but the Cooks' dependency of New Zealand has abandoned the Old Masters this year in favour of sketches of the Christmas story drawn by local residents. Each of the four drawings is spread across two seven-ten stamps.

Ireland's 10p stamp reproduces Giorgione's "Holy Family" now in the National Gallery of Art, Washington, Belgium's 5frs. stamp the "Adoration of the Infant" a fragment from the retablo of Madalena by Rogier de la Pasture. The three stamps from the New Hebrides, available in both French and English versions, show paintings by Raphael, David and Batoni from European galleries, while Burundi's series and miniature sheet reproduce six Old Masters of the Madonna and Child.

Religious carvings are the subject of the Christmas issues of Austria and Liechtenstein and respectively feature the 15th century Madonna of Marastein and works carved by Erasmus Kern in the late 16th century. Norway's set of three shows miniatures from the 15th century Bible of Aslak Bolt, Archbishop of Bergen.

A number of Commonwealth countries have selected local interpretations of the Christmas message. The most unusual is the set of three from Canada which illustrates "Jesus Abatonia," the first Canadian carol, composed in 1641 for the Huron Indians by Father Jean de Brebeuf. The Christmas story is shown in an Indian setting and the captions are in English, French and Huron, making them Canada's first trilingual stamps. In keeping with the lonely character of its depiction, Sweden depicts some of the preparations for the festive season on its set of six stamps, engraved by Arne Walthorn from the actual photographs.

JAMES MACKAY

# Gardening All in the soil

IT IS TIME to take a hard and technical look at the mixes we use for growing plants in pots, trays and other containers. It is time, I imagine, either to buy so-called John Innes compost or one of the numerous brands at composts marketed under names and names. Both have become expensive and by no means soil as conscientious in the materials they give as they should be. It is not time for a complete change of thought in this user?

John Innes has become such a legendary name that hardly one stops to consider what really stands for or how these composts came into existence.

The John Innes Horticultural Institution was founded in the 19th century as a research organisation in the field of genetics. Though there has been a great deal of racial spin off from its work, the Malting-Merion (AM) fruit stocks which were introduced in collaboration with a Malting Research Station, prime concern has always been with "pure" science and a great deal of fundamental discovery has occurred there.

In genetics it is often essential to rear every possible individual to each successive generation since it may be the bluest or most unpromising that eventually reveals the variation that proves to be highly significant. So the gardens at the John Innes research institution have always been under pressure from the mistis to obtain a percentage seed germination and subsequent growth that would not be considered necessary in private dens. Some 50 years ago they had a series of trials with various soil mixes for seed and they know as the John Innes spots were the result.

The formulae were published in anyone was free to use without charge.

At no time have the John Innes authorities considered it was any part of their duty to ensure that soil mixed as "John Innes Compost". In fact, conform to their requirements. It is quite clear nowadays a good many do. Sometimes the departures deliberate, more often they are due to the difficulty of interpreting accurately some of John Innes specifications, particularly those relating to "lum" the kind of soil that

is the basic ingredient of all these composts.

It was partly to overcome this difficulty, but also to produce a compost that would be easier to prepare and lighter to transport, that various workers began to experiment with seed and potting mixes that cut out soil altogether, replacing it with peat or some other material that would be easier to standardise and would not need to be sterilised, one of the most difficult parts of the John Innes requirements and the one where it is most easy to make mistakes in preparation. Thanks to a great deal of publicity, peat composts soon rivalled John Innes composts in popularity and they are probably more used by commercial pot plant growers than soil composts since their light weight cuts down the cost of transport. Incidentally it is largely for the same reason that plastic pots have almost completely ousted clay pots in this country.

One significant difference between peat and John Innes composts in Britain is that though the latter are supposed to be made to formulae which can be studied, the peat composts are usually marketed under brand names with no disclosure of the ingredients used or the method of preparation. This is not true in America where much of the original research work on peat composts was carried out at the University of California and the results were published for all to follow, if they so wished, without charge or so far as I know, inspection.

U.C. seed and potting mixes are widely used in the U.S. and I suspect that many of the peat composts sold in Britain are based on the U.C. formulae but there are a number of them, each with its own uses and limitations, so even if a manufacturer did specify "U.C. mix" one would still not know whether it was suitable for one's particular needs.

Nevertheless good peat mixes, like good soil mixes, work well. The two real difficulties are to know whether one is buying a good mix (my experience is that even the same brand can vary from one sample to another) and to find one that is not too expensive. A combination of the two has driven me, this past year, to put the clock back twenty years and experiment once again with the kind of homemade mixes one used before John Innes composts were heard

ARTHUR HELLYER

# Fishing

## Tale of a reflective hunter

THE OTHER evening I was enjoying the sunset on a Scottish loch. The water was like a mirror only disturbed by the subsurface movement of a seal which was hunting fish, probably sea trout, in the shallows close inshore. Every now and then he broke surface to breathe, and on one occasion he most definitely had the tail of a fish showing in his mouth.

An evil beast said my companion, he kills for the sake of killing, if it wasn't the sabbath I would have shot him by now.

As one whose bag of migratory fish for the season just ended has been exactly nil, possibly caused by the deprivations of seals among others, I agreed. But then I have no doubt that if the estivating seals who have watched my efforts to catch their natural

food could speak, they would say the same about the human sportsmen who do their best to keep them out.

Whether the seal or any other predatory animal kills for fun I have no means of knowing. Most of them eat their prey, and if they have had a particularly good day they eat a lot more. The only animals I know that play with their victims are the cat and the sheep-worrying dog. The cat will usually eat the mouse. Only the worrying dog will leave a field full of maimed sheep around, a most dreadful sight. The awful thing about sheep worrying is that the villains are not wild, they are ordinary domestic pets, probably working out the frustrations of their submission to human kind.

Many races of man were hunters by necessity. I don't suppose that the deep sea fisherman, the seal hunting Eskimos or even the cavemen chasing mammoths got any more pleasure from their acts than do slaughtermen. As long as we eat flesh, someone has to kill it. On my first day on a farm in New Zealand I was given a knife, a sheep was pointed out, and I was told to kill it.

I have since killed many wild creatures, shooting or fishing, but here there is a difference. Except in the case of rabbits and other pests their death, or the cat of hunting them, is the result of gratifying a bunting instinct. Primitive man hunted because if he didn't he would starve.

There is not much to choose between the hood sports. They are all cruel. Here coursing and fox hunting must cause just as much anguish to the victims as pheasants being

made to fly over a line of guns, or fish being played on a hook. And wounds however inflicted are most painful. Some of us try to rationalise. We are pitifully our skill with gun or rod against the instincts for survival of a wild creature. But this does not alter the fact that although the animal has a chance of escape, its death is what we are really after.

I could if I wanted to demonstrate my skill with a guo by clay pigeon shooting, and enter casting competitions instead of fishing. But they are not the same thing. I need to satisfy my instinct for the chase. But the doubts to which I am giving vent are beginning to surface. I seldom go shooting now but I cannot make up my mind as to whether this is because by accuracy is declining with age and I feel the cold, or because I think of the birds,

There is no ethical difference between landing a fish or shooting a bird or a hare. A life is being brought to an end for my satisfaction, and only incidentally to help fill my deep freeze. But with fishing one doesn't prick an animal so that it creeps away wounded as many do. Flab are either caught or come off, only if your tackle is faulty will one get away with a hook in its mouth. Even then I have seen them caught again within a few minutes.

These ruminations, written while kept indoors by a heavy cold, and in the dead two months before fishing starts again on the Wye, could mean vent are beginning to weaken from the chase. Don't believe that I like the seal, and for the reasons alleged by my friend, I shall be trying again next year.

JOHN CHERRINGTON

# Chess

## Tale of a reflective hunter

THE FINAL 20-game eliminating match for the world championship, held in Belgrade, has begun well for the ex-Russian Viktor Korchnoi. He leads Boris Spassky 4 to 2 after catching Spassky flat-footed at the start and winning two of the first three games.

Spassky has always been a poor starter in match play; this was in evidence in the famous series with Fischer in Reykjavik, where he failed to get going for the first half of the match, as well as on other occasions. Boris is aware of the weakness, he calls himself "a lazy Russian bear, slow to warm up" and at one time played training games in the final few days before a match began, just to avoid being caught cold at the start.

The other half of the coin is that Spassky is stronger in the second part of a match, that was shown when he beat Petrocin in 1969 and won his quarter-final of the candidates series earlier this year.

Thus match tactics are for Korchnoi to try and stretch his lead to three or four points in the first ten or a dozen games,

and for Spassky to soak up an opening in vogue at the moment. White: V. Korchnoi (stateless). Black: B. Spassky (USSR). Opening: English (3rd match 8 N-N3, N-R4; 8 P-K4, B-N5; 9 Q-K2, Q-O).

The opening moves were 1 P-QB4, P-QB4; 2 N-KR3, N-KB3; 3 N-B3, N-B3; 4 P-Q4, P-Q4; 5 N-P3, P-K3; 6 P-KN3, Q-N3.

The opening moves were 1 P-QB4, P-QB4; 2 N-KR3, N-KB3; 3 N-B3, N-B3; 4 P-Q4, P-Q4; 5 N-P3, P-K3; 6 P-KN3, Q-N3.

POSITION No. 193

BLACK (10 men)

PROBLEM No. 193

BLACK (5 men)

WHITE (10 men)

White mates in two moves.

Solutions Page 2

LEONARD BARDEN







# How to spend it

# by Lucia van der Post

## Festive thoughts

I ALWAYS feel Christmas isn't Christmas if I haven't spent all those appalling hours making lists, discussing what to give to whom, chasing round the shops, wrapping things up and then agonising over whether so and so will really like that rather dashing scarf or whatever. However, there are people for whom the whole business is total agony—they haven't the time, won't or can't make it and if they don't have a willing secretary then for them perhaps a service that takes the whole thing out of their hands may be the answer. Always Presentable is one such—it is based at 123 Wigmore Street, London, W1 (telephone 01-498 7088) and is open 2 hours a week, seven days a week THROUGHOUT the year.

You give them a cing, either say what present you thought of or else just give age, sex, tastes and price and they will choose something they think suitable. They guarantee to deliver the present, ready-wrapped either to the client or to the friend or relation for whom the present is designed within 24 hours in London or quicker if necessary. For instance, they once delivered a vacuum-packed side of salmon to the airport in two hours. They do not have a catalogue but will get anything that is asked for. You can hand over your entire Christmas present list—just supply names, prices, addresses and so on—and cost to you 10 per cent of the value of the list or minimum charge of £1 per present. For a very speedy delivery (like the salmon) they charge 20 per cent.

COPPER headcotes still seem very popular recidivists for those with rheumatism and Mappin and Webb have brought out a very chic bracelet in sterling silver in which is encased the copper which will, allegedly, bring relief. The copper is totally invisible once the bracelet is on but it rests on the skin, which, according to popular belief, it should. The bracelet really is elegant so if you have an elderly (or not so elderly) friend or relation who suffers from rheumatism and on whom you are prepared to spend £60, go to Mappin and Webb's Regent Street branch. They will post it for 65p p+p.

FOR LONDONERS or those coming up to London for Christmas shopping and a day out with the children, remember the Museum of London. It's not only a fascinating place to visit but has some charming facilities for early children's books on sale. For instance, there is a facsimile of The History of Little Fanny which costs only 99p. They will also send it by mail for 13p—write to the Museum of London, London Wall, London, EC2Y 5HN.

FOR TEENAGE girls—a lovely category to shop for as there is much on the market at the moment—one of the nicest places to look for inexpensive but attractive and fashionable stocking fillers is Miss Selfridge.

For instance, there are lace-trimmed handkerchiefs, just right for softening a hacking jacket for 60p; diamante earrings and studs for 99p each set; agonising over whether so and so will really like that rather dashing scarf or whatever. However, there are people for whom the whole business is total agony—they haven't the time, won't or can't make it and if they don't have a willing secretary then for them perhaps a service that takes the whole thing out of their hands may be the answer.

IF THE expensive lingerie elsewhere on this page is beyond your means but you fancy seeing your wife or lady companion in something more glamorous than Winseyette, rush along to his branches of C & A. At the moment they have a lovely collection of inexpensive nightwear—there is, for instance, a particularly seductive, slim, filmy nightdress which looks remarkably like you-know-who's and costs only £5.95. There is also a very nice quilted corduroy dressing-gown (though C & A call it a robe!) trimmed with fur cuffs, yoke and hem for £12.95.

CRAFTSMITH shops (unfortunately there are only five of them as yet—at Richmond, Hamel, Hampton, Southall, Exeter and Nottingham) continue to improve and at the moment are full of delightful ideas for Christmas. I particularly like them at this time of the year because they involve their customers in doing more than just buying—they encourage them to make things, which for very little outlay, can give much pleasure. Their embroidery or cross-stitch kits make charming presents and cost as little as £1.95. They have a printed stocking pattern so that you can make your own nice large stocking for £1.15. Vogue Patterns numbers 1312, 1541 and 1842 (all available at Craftsman shops) also cover ideas for fabric decorations and for £1.00 there are many ideas in each pattern. You can make your own crackers too—their cracker pack at £2.87 provides everything you need. Motives and paper hats and presents are extra but Craftsman sell these, too.

IF YOU want to give an original work of art on a Christmas theme the Thumb Gallery, 20-21, D'Arday Street, London, W.1, is once again putting on a special exhibition of the work of very young artists. The artists were all asked to contribute two pieces of work, in any medium, conceived as a pair and in the event they have chosen a wide range of media—watercolour, print, colour pencil and so on. Because most of the artists are so young, and some straight from school, the prices are reasonable, ranging from £15 to £135. The exhibition is on from now until December 23.

BELOW LEFT: Janet Reger has become almost internationally famous for the glamour of her nightwear and underwear. Her husbands are the classic places for husbands to browse round at Christmas or anniversary-time in search of the seductive lingerie that—according to Christine mythologues—is the classic answer to the "What shall I give her?" question.

Personally, I think any woman whose husband adopts this way out of the dilemma can count herself lucky. Janet Reger, of course, can produce any number of delectable nightdresses, cover-ups, peignoirs and the like, but since this is the year when underwear, too, has become so pretty as to be almost suitable to be worn on its own, I've decided to show some underwear par excellence—it could do a lot to cheer up the average Monday morning.

In pure silk (of course) it consists of a camisole top (sizes 32, 34, 36 for £5) and a medium size petticoat with an elasticated waist (very small or large people will have to order specially) for £69. In cream or black as standard colours or to order in pale pink or pale sky blue. They can be bought from Janet Reger, 2, Beauchamp Place, London, SW3 and 33, Brook Street, London, W1. You can buy by mail from Beauchamp Place.

BELOW RIGHT: The very demure girl with the faintly Victorian air about her is wearing an exquisite dress, hand-made to order from antique lace and finest cotton trim. Cherry Frizzell designed it and had it made and though it is possible to order something with a similar look and feeling to it, no two of her antique lace dresses are identical for the very good reason that no two pieces of antique lace are identical.

Cherry Frizzell has been collecting lace and beautiful old materials since she was a child. She loves the lace for itself and does all the buying, cleaning and restoring of it herself. Only two years ago she first started to feel that the pieces ought to be worn so she took along four dresses to Lucienne Phillips in Knightsbridge, who bought and sold them in two days—they all went to men who bought them for their wives.

For readers who would like one of her designs built round special pieces of antique lace the only place to go is direct to Cherry Frizzell herself at 3-5, Earlsam Street, London, WC2 (you can telephone for an appointment on 01-538 0241). In stock, ready-made, are about ten exquisite items—dresses, blouses and skirts. However, there is also a photographic album of past Cherry Frizzell designs and these are indicators of what can be done or what you would like. All these special items are made to order and the length of time depends on the intricacy of the design and on how busy the workshop is but it is possible that a few items could be done specially for Christmas.

Fortunately Cherry still has a very large collection of old lace. With the lace she uses only the finest materials—silk, crepe de chine, Swiss cotton voile and so on. Wedding dresses would start at £500, blouses at £200, evening dresses from £300. Every dress goes out with a handwritten history of the lace and fabric used.

FOR THE many readers who liked Peter Knight's Christmas presents ideas last week and couldn't believe in the simplicity of the address might like to note that his address really is Peter Knight, Esher, Surrey, or Peter Knight, Beaconsfield, Bucks—both shops will do for personal shoppers but for mail order he slightly prefers to handle it from the Esher branch.

As I mentioned last week, his shops are full of witty and useful inexpensive presents and here are two charming little peg dolls, ideal for pinning off the Christmas stockings. They may seem expensive for things so small but they are clothed in finest Liberty lawn, trimmed with cotton lace and every detail is hand-sewn. They really are tiny, measuring 4 1/2 inches for the doll on the right, just over 3 inches for the one on the left. The dolls cost £2.90 each and if you want to order by mail add 30p p+p each, as well.

Could you possibly see your way therefore to dropping a few hints on my behalf? I have compiled a small list which may be of some assistance and have particularly chosen items which will not add too much to your festive burden. As you know I am out of the suitcase for much of the year and have picked things which don't take up much room.

For some time now I've been looking for a camera which will also understand my affection for a tiny pair of binoculars. Just the sort of thing I would ever buy myself but I would love to be given. The Leitz Trinovid 8 x 20 are about 3 1/2 inches by 2 1/2 inches but I have found them remarkably easy to handle and useful in a variety of (thus far) situations. These sell for around £100 so if you could mention them to my richer friends it may come as less of a shock. I have seen them in Burlington Cameras, 20-21 Burlington Arcade, London, W1.

A few days ago you fit was wasn't it? were kind enough to lend me a Casio MQ 1 calculator/clock/stopwatch, an item which riveted me and which I have had some trouble keeping out of the hands of my friends. Under 4 1/2 inches long and about 1 1/2 inches wide this surprising machine is no thicker than my little finger and sells for £34.95 to Selfridges. You may also find them in Greenland.

Next on the list is a radio. Picking up the world service of the BBC in foreign parts is one of the pleasures of my travelling life. Santa, and I have for some time been using a Toshiba short wave set. I am now tempted by a Sony rival, however. The IC 7500 is considerably smaller than my present model and that should cut the weight down a little. My attempts to track one down recently have run into problems since word about this magic radio seems to have spread fast. Some branches of Laskys have them, and so do Harrods. The set costs upwards of £89.95, or by mail order for £2 extra from Laskys, Brent Cross Shopping Centre, London NW4 1YA.

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I've looked at even smaller cameras but am a bit worried about blurring the resulting shots and also about their all-conditions capability so if you

could somehow tell anyone who might be thinking of me that the Vivitar can be bought for around £50, I would be grateful. Branches of Photo-markets and Foto-vue dealers have them or Vivitar U.K., Vivitar House, Nuffield Way, Abingdon, Oxon (Tel. Abingdon 25600) will tell you the stockist nearest to you.

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## In the bag

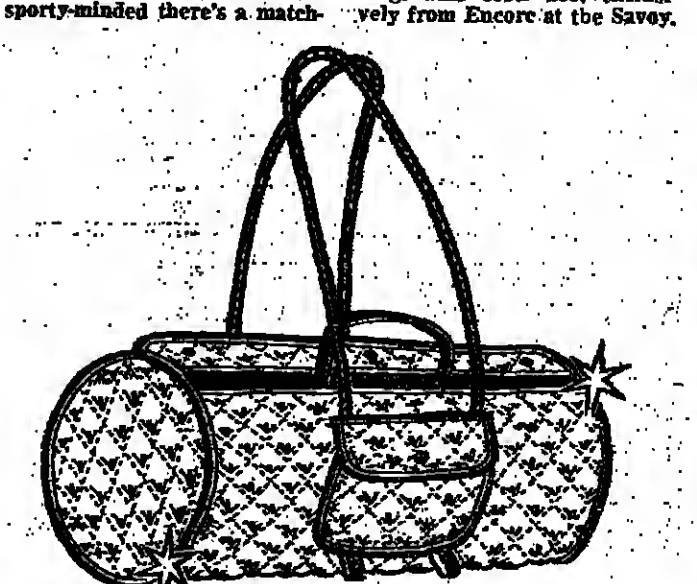
HOLIDAYS are useful and desirable for people of almost every age. So here are three bags, each with a distinctive character of its own. They range greatly in price and style and are designed to appeal to three different tastes.



A LOVELY spacious carpet bag. Literally made from carpet, it would hold a great deal (it is 25 inches long by 18 inches high but is deep from front to back as well) but it does not have any compartments. In authentic Persian carpet colours (maroon, blues and so on)—it costs £22.95 (p and p 95p) from Liberty's of Regent Street.



FROM a new and very elegant shop in the shopping arcade at the Savoy Hotel (wives should direct their husbands to the shop when they are next lunching he attending some function there) is a range of wonderfully elegant luggage from the Italian firm of Gherardini. It all comes in shades of coffee and brown, all tones together (and for the sporty-minded there's a matching anorak) and looks immensely chic. They are made of polyurethane-coated pure cotton. The luggage comes in many assorted shapes and sizes but the two I liked best were a slim long brief-case (that is, it is carried vertically as opposed to most briefcases which are horizontal) and this large grip bag about 18 inches long. This costs £95, exclusively from Encore at the Savoy.



GREAT FUN for teenagers is this glittery lures holiday which is very cleverly designed by Mary Quinn for Bridgebags to hold infinitely more than would seem possible at first sight. There are numerous zips and compartments and in particular in each circular end piece there is a zippered waterproof compartment which would be ideal for holding make-up and toiletries. I think it is nicest in bright shades of lures, though printed cotton ones are available. It is 18 inches long by about 8 inches high and comes in green, turquoise or fuchsia. It costs about £19 (in lures) and will be available from December 15 from Fenwicks of Bond Street, London, W1, Top Shop at Oxford Circus, and Evan Roberts of Cardiff. Or buy it by mail for £19 (inclusive of p+p) from Abcassie Ltd., 13, Reg. Lion Square, London, W.C.1.



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## Christmas joy will be rationed this year

It will be denied to many old people: to the lonely, who have only memories for company; and to those in dire hunger in countries stricken with terrible poverty. If you care about that.

Share a little of your Christmas Goodwill with someone in this plight. Age means they can do little to help themselves. They endure hardship in brave silence, but it is especially hard at Christmas. Help the Aged is on their side, and we hope you are with some practical help this Christmas.

The Happiest Gift You Can Send  
Friendship to someone lonely. Help another local Day Centre bring companionship. Give the household an outing. £5 does a lot. £25 does a lot more—thanks to volunteers.

Food for old folk overseas who go hungry on Christmas Day, as every day, in countries hit by disasters or constant food shortage. £3 sends 15 good meals.

£150 perpetuates a loved name on a British Day Centre and helps it start. Or a hospital bed overseas £100.

Someone lonely or hungry waits for your Christmas goodwill gift. So please, use the FREEPOST facility and address your gift to: Hon. Treasurer, The Rt. Hon. Lord Maybury-King, Help the Aged, Room FT9, FREEPOST 39, LONDON W1R 4JZ. (No stamp needed.)

\* Please let us know if you would like your gift used for a particular purpose.

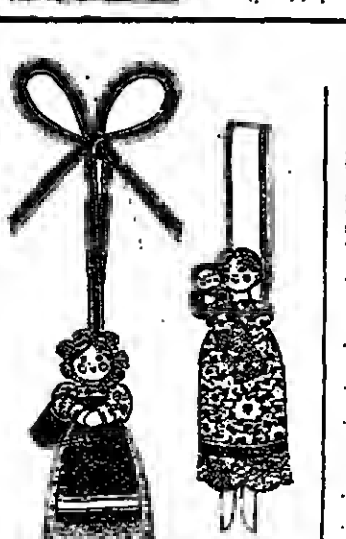
On a very pleasant Box Day.

Arthur Sandles

IF YOUR wife is a keen cook (or, perhaps, if you'd like her to be one) and hasn't already got a food-mixer that she's devoted to, then the Robot Chef, photographed above, seems to me to be one of the most exciting new products to come on the market for a very long time. It's a cheaper, more economical version of the famous Magimix (because it is operated by a belt and brush drive motor instead of the Magimix's direct drive and because it is without the juice extractor attachment). It seems to me to be a perfect all-purpose machine and if her kitchen isn't already cluttered with a mass of different machines each doing one of the Robot Chef's jobs, then the Robot Chef will combine them all in one simple piece of machinery. I've only been trying it out for a week, but already it has made ice-creams in a flash, pounded fish or fish pâtés, shredded cabbage for coleslaw, liquidised soup and, when I get around to it, it will be making pastry literally in a few seconds (I've never been a pastry cook) and mixing cakes for the borders of relations about to descend on us this Christmas.

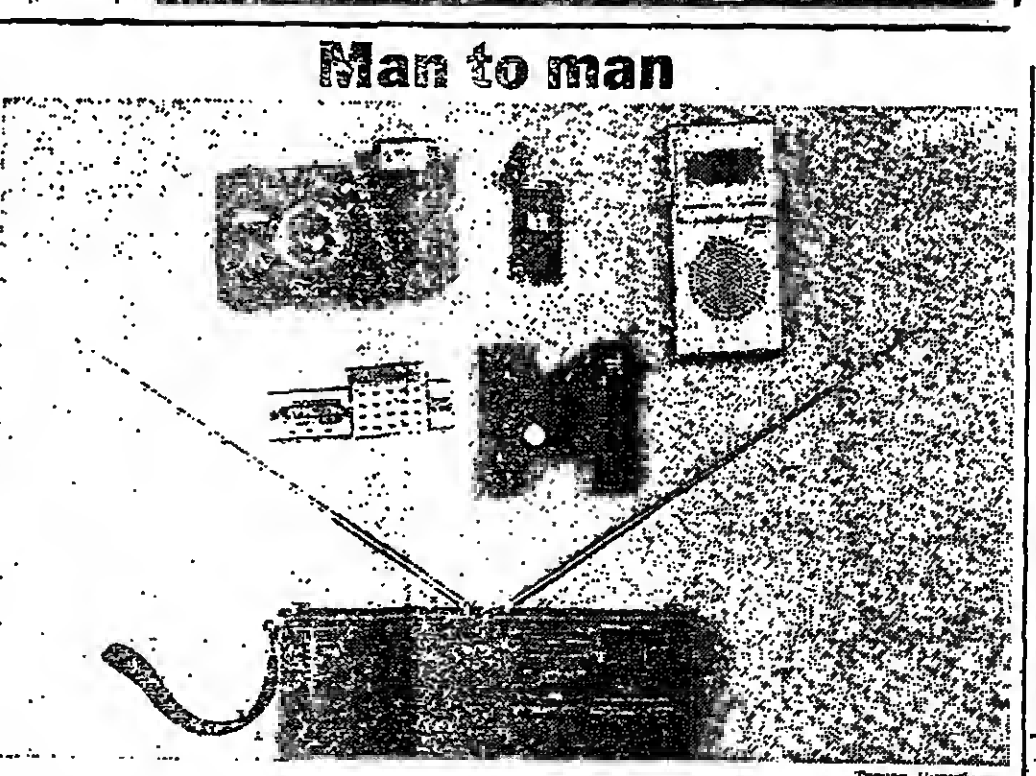
Besides all this, it mices, kneads, slices and grinds. In short, it is the machine I would buy to replace all others. It is simple to operate (you don't need to spend days reading the instruction booklet first), simple to wash-up and small enough not to need to take up much surface space so you can leave it out all the time (essential to making full use of a machine in my view). It will enable you to make mayonnaise in a trice, grate cheese or bread crumbs in seconds, slice fruit or vegetables in a flash and all by a very simple combination of three different, easily positioned blades. It is absolutely new on the market, costs £37.35 (which is £22 less than the Magimix) and can be bought from a wide range of shops including, Divertiment of 68/70 Marylebone Lane, London W.1; Harrods of Knightsbridge; D. B. Evans; Alders of Croydon; Kendal Milne of Manchester; Brown Muff of Sheffield; Beales of Beaconsfield; and Robert Kelley of Liverpool.

If your wife already has the Magimix she would probably be thrilled to be given a copy of Marika Hanbury Teasdale's cookery book which is specially written for Magimix (and also of course, Robot Chef) owners. As both machines were so new there was no book that combined the technical information with a feeling for food—Marika Hanbury Teasdale's seems to me to do both and I shall certainly be using it a great deal in the coming months. It will be in the shops which sell the Robot Chef and the Magimix from December 10. Published by Hutchinson, Benham it costs £4.95.



ALL THE many readers who liked Peter Knight's Christmas presents ideas last week and couldn't believe in the simplicity of the address might like to note that his address really is Peter Knight, Esher, Surrey, or Peter Knight, Beaconsfield, Bucks—both shops will do for personal shoppers but for mail order he slightly prefers to handle it from the Esher branch.

NICE-looking picture frames are usually very expensive and most cheap ones are awful. However, Cueina of 2 Englands Lane, London, N.W.3 and 4a Ladbrooke Grove, London, W.11, has some charming, inexpensive bamboo frames. They come in three sizes—6 inches by 8 inches for £1.64; 8 inches by 8 inches for £2.08; and 10 inches by 8 inches for £3.02. The width of the frame is about 1 1/2 inches. For those who aren't in the London area Cueina will send by post for 30p p+p per frame.



## Man to man

Dear Santa,  
Forgive my writing to you in this way but I am a little worried about the prospects for my Christmas stocking this year. There have been little hints about chest sizes and favourite another round of savateurs and ties. Not that I'm ungrateful, you understand, but really women do seem to have an awful lot of presents to give. I'm really for us kids. After all a fellow who insists on screaming around the sky in a sleds pulled by reindeer and shouting 'yo ho ho' into the night cannot be entirely mature, can he?

Could you possibly see your way therefore to dropping a few hints on my behalf? I have compiled a small list which may be of some assistance and have particularly chosen items which will not add too much to your festive burden. As you know I am out of the suitcase for much of the year and have picked things which don't take up much room.

For some time now I've been looking for a camera which will also understand my affection for a tiny pair of binoculars. Just the sort of thing I would ever buy myself but I would love to be given. The Leitz Trinovid 8 x 20 are about 3 1/2 inches by 2 1/2 inches but I have found them remarkably easy to handle and useful in a variety of (thus far) situations. These sell for around £100 so if you could mention them to my richer friends it may come as less of a shock. I have seen them in Burlington Cameras, 20-21 Burlington Arcade, London, W1.

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Handwritten signature: J. P. Knight



# Collecting

## What's in store

BY JUNE FIELD

THE shop-within-a-shop concept, long popular in the fashion trade, is on the increase for selling antiques. One of the obvious advantages with "store antiques" is the various credit facilities available on customer accounts, with the likelihood that the interest paid will be more than offset by the increase in value of the item. "Another selling point is that there is no need to make the actual physical decision of opening a door and going into an antique shop—you are already there in the store," points out David Ford, who opened an antique department at Bentalls, Kingston, just over a year ago, paying the store a commission based on gross turnover. Business has been so good that he has been allocated more floor space.



Decorative William IVth walnut firegreen inset with a panel of Berlin woolwork, from the Eldridge Collection.

Several London stores of course have long run their own antique departments such as Asprey's, Harrods, Liberty's and Maples. Selfridges have the successful St. James's Collection run on a concession basis by Jackie Pressman. Now the Debenham group have come up with the Eldridge Collection label. The existing antique and collector's corner at Harvey Nicholls, Knightsbridge, has been re-vamped to encompass the latest venture, and antique departments have been set up in five other major Debenham outlets — Guildford, Harrow, Manchester, Oxford and Rom-

ford — with the intention to provide 26 more within two years. A director of Debenham's is on the Board of the new company, giving the operation an edge over the others in that management of the parent group itself is personally involved.

Brian Eldridge set up his antique furniture and restoration business some eight years ago at 99-101 Farringdon Road, London, E.C.1, in a warehouse which spreads over 32,000 sq ft. Here he has developed a thriving distribution centre for the trade and public. But even to break-front bookcases, and the with-a-present-stockholding in less of undistinguished mid-

Victorian tables carved down to smarter, more desirable coffee table height. "We will give you the leg stumps if you want them, just in case you ever want to put them back," smiles the irrepressible Mr. Eldridge, whose obvious enthusiasm and regard for his craftsman's work is readily apparent. He gives them every encouragement to learn traditional skills, and treasures the intricately detailed "apprentice pieces" that they make, keeping them on show in his office, and refusing to sell them.

To show how even the most basic second-hand furniture such as 1830s ex-Ministry of Works pieces, crutch pews, school desks, trunks, tables and chests can be made attractive, they have been hand-painted by art students in brilliant colours and designs. Great fun for students and children's rooms, these items practically "walk off the floor" as soon as they get in the shops, a well-used sea-chest proclaiming "God Protect the Sailor" going on its way to Florida, this week. Prices range from £45 to £100 or so.

Much of the job of authenticating and listing the items which come in from "runners" all over the country, house clearances, and dealers everywhere, has recently been taken on by the enterprising, equally enthusiastic Gordon Savage, director of the London and Provincial Antique Dealers Association (LAPADA), who has given up his shop in the Knightsbridge Pavilion to devote his activities full time to being a director of the Eldridge Collection. Gordon also writes the outspoken "Personal View" column in the Antiques Trade Gazette, the weekly newspaper for the trade. When I tackled him about his "converting" or re-bushing old furniture he reminded me that our feet bears altered their furniture to suit their needs, and that it is better to bring new life to an unwanted article than relegating it to the junk-heap. He adapted his own "Old London" stamp so that it is clear that items have been carried out, and it is ticketed as "not an antique." One just wonders what the historians of the future will

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EXPERIENCE AND EXPERTISE

TITANIA'S PALACE  
Titania's Palace, one of the most elaborate dolls' houses ever built will be sold at Christie's on January 10 at 12 noon, complete with its 2,000 miniature furnishings and works of art. Measuring 12ft. by 8ft. and standing 6ft. high, the Palace is decorated with furniture made by Hicks and other cabinet makers, 17th century miniature caskets by Mano of Nuremberg, a Samuel Palmer painting measuring 2 1/2 in. by 6 1/2 in., a peacock throne set with diamonds, emeralds, rubies and sapphires and such everyday items as a cheque book and a copy of The Tatler. The Palace, which is centrally heated and wired for electricity, was built by the great Dublin cabinet maker James Hicks between 1809 and 1822; the befray was designed by Sir Edwin Lutyens, P.R.A.

The idea of Titania's Palace was that of Sir Neville Wilkinson, artist, soldier and Ulster King of Arms, who decorated the walls and ceilings himself with painted mosaics. He dreamed of an "Enchanted Fairyland" and in doing so collected over £150,000 for children's charities. Since being sold in 1967 the Palace has been exhibited on a commercial basis and drawn 50,000 visitors a year. The Palace will be on view at Christie's, 8 King Street on Friday, January 6 and Monday, January 9 from 9.30 a.m. to 5 p.m., and also on Sunday, January 8 from 2 p.m. to 5 p.m. and on the morning of the sale until 11 a.m. For further information on this sale, please contact Miss Susan Mayor at Christie's, South Kensington, 85 Brompton Road, London S.W.7. Tel: 01-581 2312.

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The outward cover will be cancelled at London Heathrow Airport with a special illustrated handstamp. They will then be flown on the first flight to Singapore (via Bahrain) and backstamped on arrival. Basic flight details will be printed on the face of the cover and an insert will give more details.

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will be holding their next auction on Monday, 12th December at 2 p.m.

The sale will include stamps of Great Britain, Europe and Ceylon and includes a 1934 Lichtenstein "Vandut" miniature sheet; a 1936 Austrian Döllniss 10 schilling; an 1857-9 Cayman 2/- blue, in superb condition; an 1880 Rainbow trials 1/4; an 1883-4 10/- superb ultramarine; an 1891 El green, unmounted mint.

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*J.P. H. H. H.*



The Arts



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Elvis

BY ANTONY THORNCROFT

Elvis, the musical tribute to Elvis Presley which kicks off the overseas of the Astoria cinema...

The last thing that Elvis is to do is play, or any serious interpretation of the man, his place in social or musical history...

Theatre

meat or deficit of a critic's night. This might account for the empty seats in what could be a packed house.

For producers Jack Good and Yvonne Conroy having nothing to be hamed in this venture, Elvis a straightforward presentation of Elvis Presley songs, performed by an efficient company...

Saleroom

There were two fair sales of Sotheby's yesterday where jobs and scientific instruments called £147,971 and continental furniture and works of art £6,600.

John Russell's Selenographia of 1797, which shows the orbits of the moon. An Italian dealer bought a gold hunting tourbillon watch, by Auguste Courvoisier, for £2,000...

A case for switching

BY ANTHONY CURTIS

Sometimes there are agonising choices between programmes competing for one's attention at overlapping times on different radio channels.

Unfortunately much of it coincided with Leslie Cohen's production, Recollections of Herbert Read (Radio 3 December 4).

Radio

after 35 minutes or so, I felt a little bored. Luckily, the latter solution lay in hand in the shape of a cassette-recorder.

As for Read's influence on 20th-century art and design, there was testimony of this from Henry Moore, a fellow Yorkshireman.

Another piece of timing that seems to have upset a lot of listeners is the shifting of Alistair Cooke on Sunday from 9.10 to 12.40.

Art

Interesting and varied collection. Although many games and recreational activities are covered, it is predictably dominated by cricket and horses.

A new Ayckbourn

Michael Codrro is to present four new West End productions in the New Year opening with Simon Gray's latest play The Rear Column.



'Village Match-Tidworth' by Gerry Wright

Modern Sporting Paintings

BY TREVOR BAILEY

A most unusual art exhibition opened at Frost and Reed in Bristol last week. It consists of modern sporting paintings and is easily the largest of its kind to be held in this country.

Immediately invest in some of Millor's portrait of Lester Pigott's portrait of Lester Pigott, which captures the peace of the rugged countryside belonging to the 19th century.

Charles Sprawson, who has organised the display, believes that sport justifies such a venture and he has assembled a most

These are just a sample of the attractions to be seen at an exhibition, which I enjoyed enormously, and would unhesitatingly recommend to anybody interested in either sport or art.

Theatres this week

BUSH: Fandango II: More hilarious adventures in the tripe trade, courtesy of Bill Tidy. A. ICA THEATRE: Franz into April: Good dialogue but little structure in Pam Gem's play set in a Californian therapy centre.

ALMOST FREE: A Pinch of History: Embarrassing left-wing rhetoric from Margaretta D'Arcy. SHAFESBURY: Drake's Drum: Musical for the Christmas market which just fails to appeal to both adults and children.

NEW VIC, BRISTOL: Hedda Goller: Neat production of Ibsen's classic with Marty Crulskamp winning her spurs as Hedda.

ASTORIA: Elvis: All the songs that you remember, delivered straight and true.

ENTERTAINMENT GUIDE

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# Travel

## High, wide and handsome

BY PAUL MARTIN



Fuschl Lake

SALZBURG bursts at the seams at the time of the annual high summer festival and many visitors from abroad, anxious to combine a limited dose of culture with all that the spectacular mountain scenery and small lakeside resorts have to offer, base themselves at one of the lakes in the sunny Salzkammergut.

Distances are short and, even without a car, the fascinating network of Austrian Postbuses and a wide selection of excursions cater for all the sightseeing that anyone could ask for.

A leisurely four day's driving out from Salzburg enabled me to have a look at three of the accepted centres, Fuschl, which boasts its own lake, and St. Gilgen and Strobl at opposite ends of the Wolfgangsee.

Fuschl is fortunate in lying below the main road and has a determined and active conservation policy. The lake, some five miles long, is a place of peace and tranquillity and no power-craft are permitted to churn up the still blue water.

In spite of sterling's fall in relation to the Austrian schilling, simple and always scrupulously clean accommodation in guest houses or in private bouses is extremely reasonable and Austrian portions remain as generous as they always have been.

Fuschl, small but quite enchanting, still claims the title of British second place after up from St. Wolfgang, on the the Germans, as holidaymakers from overseas and both Thomsons and Inghams operate summer packages there. I felt that the village induced an instant

winding-down process and you can always whoop it up, if need be, at the local disco, The Hayloft.

St. Gilgen presents an instant reminder of the close links with Salzburg. Mozart's mother was born in a bouse close to the lake and his sister, who was married there, is commemorated in the attractive Cafe Nannerl in the centre of the pleasant small town. A diminutive figure of Wolfgang Amadeus has pride of place in front of the embellished and decorated Rathaus.

This is a great place for walking, whether organised or on your own. The local cable-car in the Zwolferhorn—with a capacity of 300 people an hour there is no tedious queuing—was full of earnest stout persons of an indeterminate age determined to walk off some of it at the top. Mind you, judging by the portions they later knocked back, lurching solidly for around £2.50 a head they would all be back next day!

In the brilliant clear mountain air and the intense light even at 3,500 feet, there are wide-ranging and virtually cinematic views on either side. There is, too, the heavy blue of Fuschl lake contrasting with the multi-hued sails of the seemingly toy sailing boats set against the deep green of the Wolfgangsee. From here, too, a distant puff of smoke marks the nut train chuffing its way up from St. Wolfgang, on the opposite shore, to the summit of the Schafberg.

St. Wolfgang was also the setting for Robert Stolz's "White Horse Inn." It has its adherents but is frankly the most commercial of the lakeside resorts.

Finally at the opposite end of the lake from St. Gilgen lies Strobl with a most attractive waterfront and a selection of family hotels that represent the best traditions of Austrian hospitality. Even on an overnight stay they set out to make you feel a welcome guest in a setting where good manners and charm still count for something. Thomson uses the Hotel Stadt Wien in Strobl.

Of the hotels I visited, the Gasthof Furberg, set right on the shores of the lake a little way out from the centre of St. Gilgen, seemed to be the winner in an incomparable setting for a lakeside hotel.

Every resort in every country would like to enjoy a year-round tourist season but Strobl, with its easy road access to the Post-alpine skiing area, can most truly claim to be a ski centre in its own right.

Mountain scenery is at its best in the autumn when the densely wooded lower slopes offer that last final flourish of autumn tints. The centres are less crowded in late September and October and, tucked up cosily by a log fire in a small and friendly inn, I might even become a dedicated walker and go in for one of those proficiency badges.

Address: Austrian Airlines, 56-57, Conduit Street, London W1R 6HP; Austria National Tourist Office, 24 St. George Street, London W1; Inghams Travel, 229, Portico Bridge Road, London SW15 2PL; Salzburg Provincial Tourist Office, Mozartplatz 1, 5010 Salzburg, Austria; Thomson Holidays, Greater London House, Hamstead Road, London NW1 7SD.



Albufeira

## A coast with the most

BY SYLVIE NICKELS

ROUND ABOUT the time that bullocks to haul their modest most holidaymakers were sitting vessels up on to the sands, but down to their hotel breakfast it is still a very photogenic sight. Old men in dark suits and young men in bathing trunks untangled the colourful oets and set them out to dry. The fish were auctioned straight away among a jostling knot of buyers. It was all very animated, and the most conspicuous absentee from the scene was the holidaymaker.

For those who are blessed with more curiosity, Portugal's Algarve is hugely rewarding, for it is a region which continues to lead an only slowly-changing life of its own.

The sardine nets and the octopus pots are still set out as they have always been; bullock-drawn carts still plod along the lanes, and miles walk patient perpetual circles round water wheels; the almonds and olives are harvested in due season; and dark-dressed women, some in traditional tribal hats, still congregate by streams or at communal laundry tubs to combine their chores with local gossip.

And among it all, tourism has gathered increasing impetus over a score of years, trailing in its wake the good and the bad. During a journey last spring that took in the whole length of the coast and much of the interior, I saw a lot that was tasteful; but some pretty horrible things have been perpetrated, too, as little old fishing villages become swamped by high rise blocks. Fortunately, the post-Revolution Portuguese seem to be observing the red light.

Broadly speaking, the further west you go from Faro airport, the fewer the developments are. East of Faro, the interior is less interesting, though there are nice coastal towns like Tavira and Olhao, and the popular resort of Monte Gordo whose splendid beach is overlooked by one of the best hotels of the Vasco da Gama. Biggest of the developments are in the areas of Vilamoura, Albufeira, Portimao and Lagos, though in-between and west of Lagos there are exquisite places that one prays the speculators will leave at rest. Happily there is no coastal road as such, and it is still very easy to lose yourself in a labyrinth of tracks among olive, fig, almond and other fruit groves, and find a beach to yourself.

Developments are varied, ranging from the well-planned and old-established to the more recently planned and, at times, frankly haphazard.

One of the most attractive of the mature developments is Vale do Lobo, west of Faro, with its famous hotel, well-planned collection of villas. The Algarve is particularly well off in courses. Henry Cotton was responsible for Fenina's; Frank Pennink designed the one at Palmarex, and there are others at Quinta do Lago and Vilamoura.

The Vilamoura area, a little west of Vale do Lobo, has scattering of developments in varying stages of completion and will no doubt look better due course. There is a market, and among the more established communities, Aldeia do Golf looked pleasant. No Albufeira, Aldeia das Acotias, owned by the Touring Club of Portugal, has a fragrant pine wood setting and eye-catching architecture, but is a mile or so from the beach. I quite like Praia, near Praia da Rocha, too, though this was also away from the beach. But my favourite was Luz Bay, just west of Lagos, which has all the advantages of attractive, well-established gardens, plodding with colour, management, and the original small fishing village atmosphere which the development clings to.

The Algarve interior is lovely, rising to an altitude of 2,700 feet in the Monchique hills and punctuated by beautiful old towns and villages. It was in the interior that I came upon a marvellous place for riding enthusiasts. Quinta de Esporas is the beautiful farmhouse home of the Rt Hon Lord and Lady Loch, looking out from the fruit groves and Loule across the coastal plain to the sea. Their riding school of a week cater for serious riders, with a special slant on dressage.

At a cost of £220, exclusive travel, these are hardly cheap but they are probably unique for Lord Loch. Weedon qualifies as well as ex-Saumur and the Spanish School at Verma, but only has dazzling qualifications but a deep rapport with aristocratic steeds. The cost includes intensive riding tuition, full board (meals at Corral Blau level), wines and spirits and a wonderful taste of relaxed, gracious living.

Address: Portuguese National Tourist Office, 1-5, New Bond Street, London W1; Algarve National Tourist Office, 24 St. George Street, London W1; Inghams Travel, 229, Portico Bridge Road, London SW15 2PL; Algarve Provincial Tourist Office, Mozartplatz 1, 5010 Salzburg, Austria; Thomson Holidays, Greater London House, Hamstead Road, London NW1 7SD.

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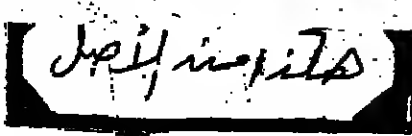
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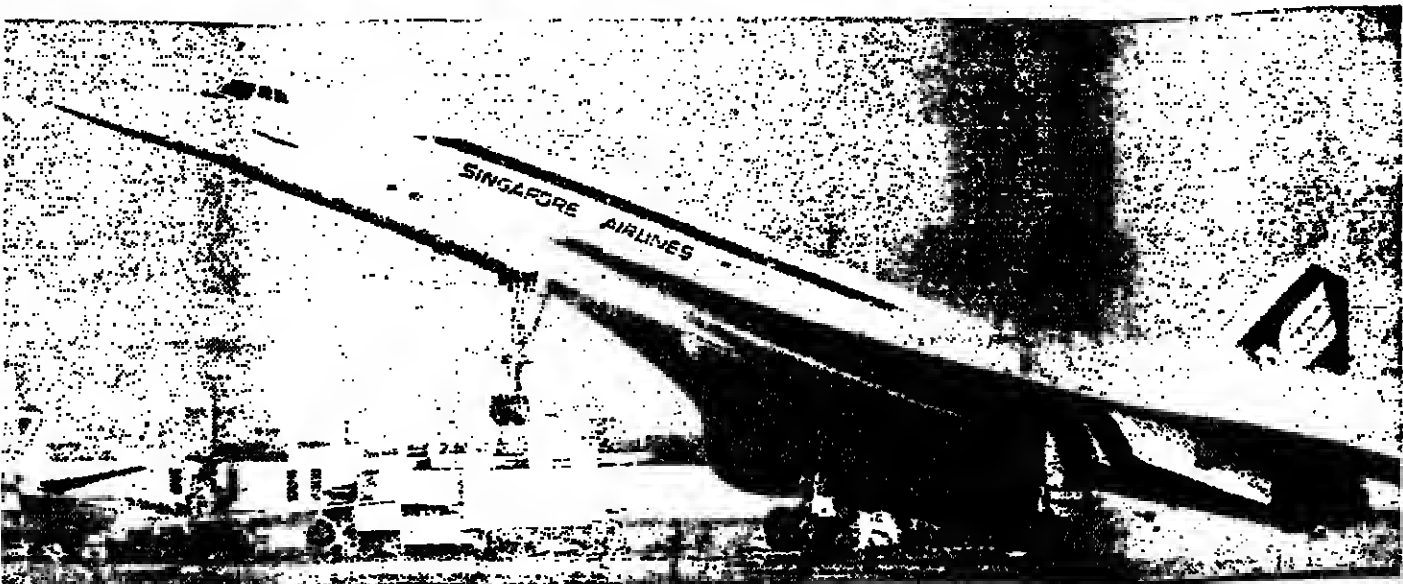
HOME NEWS

New North Sea plans to cost £8bn.

BY RAY DAFTER, ENERGY CORRESPONDENT, IN ABERDEEN

THE OFFSHORE oil and gas industry is expected to spend £8bn over the next three years on exploration and field development in the U.K. sector of the North Sea.

Mr. John Brading, executive vice-president for Occidental's North Sea operations, said that the initial production from Claymore had been frustrated by an offshore accident.



CONCORDE takes off from Heathrow on its inaugural flight to Singapore yesterday. Flying time, via Bahrain, for the joint British Airways-Singapore Airlines service is 9 1/2 hours compared with the subsonic average of about 15 hours. The flight had to avoid Malaysian airspace because of last-minute objections from the Malaysian Government.

FMC division chief resigns

BY CHRISTOPHER PARKES

MR. BILL NEWTON-CLARE, chief executive of the FMC division of the British meat company, F&M, resigned yesterday after a boardroom confrontation.

Southlands launches U.S.-style store

By Our Consumer Affairs Correspondent

THE U.S. Southland Corporation yesterday introduced one of the most familiar names in American retailing to this country.

Price body to study London's taxi fares after 10% rise

BY DAVID FREUD AND ELINOR GOODMAN

THE PRICE Commission is expected to be asked to look into London taxi fares next week. But this will not prevent fares going up by an average of 10 per cent to-day.

increase did not begin to cover the increase in costs since the last rise a year ago.

Westclox not to cut production

Financial Times Reporter

WESTCLOX, the clock manufacturer based in Dumbarton, Scotland, hopes to avoid the need for any cut in its production of high quality watches.

Architects' new work falls to record low

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PLIGHT of architects was underlined yesterday by figures which showed that the volume of new work being taken on has fallen to its lowest recorded level.

cent when compared with the same period of 1976.

More Home News, on page 20

Milk goes up by 1p a pint next month

BY CHRISTOPHER PARKES

THE RETAIL price of milk will go up 1p to 12.4p a pint on January 1.

EEC ruling could put 50p on Scotch

By Kenneth Gooding

THE PROBLEM has arisen from Distillers' attempts to protect its sole agents in continental European countries by means of a price system which involves U.K. customers paying more for their Scotch if they intend to export it to other EEC countries.

Lords ruling on Grunwick

THE HOUSE of Lords decision on recognition of the clerical union APEX at the Grunwick shop will be given next Wednesday.

Harp forecasts further rise in lager demand

BY KENNETH GOODING

HARP LAGER is sticking to its year at a time when the total beer market slipped by 1.7 per cent.

China's steel plans may give chance to U.K.

BY ROY HODSON

CHINA HAS decided to look to Britain for help in the planned expansion of its steel industry from a capacity of 2.5m tonnes a year to 10m tonnes a year over the next 25 years.

Referring yesterday to British officials in devising a package for providing new steelmaking and rolling mills.

The corporation had to press on with small investment projects of up to £2m which could be quickly done and would provide a speedy return.

WORLD BANKING CONFERENCE GROSVENOR HOUSE, LONDON 27 & 28 FEBRUARY 1978 A conference organised by the Financial Times, The Banker and Investors Chronicle

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OVERSEAS NEWS

Canada, Nine nearing accord over uranium supplies

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EUROPEAN Commission accepted by both sides so that the Canadian Government deliveries could begin again soon.

He said that the text of a proposed agreement was being guarded than Dr. Jamieson in assessing the chances of securing a firm agreement.

There is also some concern among European governments that they might set an unfortunate precedent by consenting to an agreement which subjected the supply of uranium to certain conditions, though these fears may have been allayed as a result of progress made at today's talks.

ISRAEL AND EGYPT Nuclear reactor proposal

BY OUR FOREIGN STAFF

ISRAEL has offered to collaborate with Egypt in building a nuclear power plant in the Sinai desert.

However, observers in both Cairo and Tel Aviv yesterday said that such a proposal was extremely premature.

EEC trawlers return to complete Norway quota

BY FAY GJESTER

OSLO, Dec. 9.

EEC TRAWLERS are to-day once again fishing cod inside Norway's 200-mile zone, following the discovery that 2,600 tonnes quota allotted to them by Norway was not completely exhausted by early November, as originally believed.

last night when two British trawlers sought to resume fishing inside the zone, before the ban had been formally lifted.

The extra fish have been shared between West Germany (1,530 tonnes) and the U.K. (1,120 tonnes).

Carter planning major changes in drug laws

BY DAVID BELL

WASHINGTON, Dec. 9.

THE CARTER Administration is about to send to Congress a series of far-reaching proposals designed to reform United States pharmaceutical regulations.

Some of the proposals are likely to be fiercely opposed and it will take some time for them to get through Congress.

Sergeant J'n\*k'n was hit on the head



For 3 years in the last war, after keeping the peace in Kenya, after seeing rough the evacuation of Aden, Sergeant J'n\*k'n was hit on the head. With one lost his reason.

he has been with us ever since he was invalided home. Sometimes in a spital, sometimes in our Convalescent Home, wherever he is, we look for him. We provide work in a sheltered industry, so that he can live in a charity. One day, he'll probably enter our Veterans' Home for good, thinking that the next man in the street is about to attack him.

"They've given more than they could - please give as much as you can".

EX-SERVICEMEN'S MENTAL WELFARE SOCIETY 37 Thurlow Street, London SW7 2LL. 01-584 8658.

Advertisement for 'The Coolest Perfume in the World' by Jean Patou. Features a bottle of perfume and the text 'JOY DE JEAN PATOU PARIS'.

Eanes talks on new Government

BY DIANA SMITH

LISBON, Dec. 9.

FOLLOWING the failure of Sr. Antonio Soares' Socialist Government to secure a parliamentary vote of confidence yesterday, the Portuguese President, Gen. Antonio Ramalho Eanes, has hard at work sounding out political leaders on the possibility of forming a new Government.

Gen. Eanes formally accepted Sr. Soares' resignation late yesterday afternoon. The outgoing Prime Minister, however, will continue to handle current affairs until a replacement can be found.

Today, the Council of the Revolution, Portugal's military watchdog committee, is meeting to assess the situation. The Council, presided over by Gen. Eanes, has, according to 1978's constitution, advisory powers in the choice of a prime minister.

The Bank of Portugal's foreign exchange reserves, according to reliable sources, are under \$300m.

In early October negotiations began with the IMF for \$80m stand-by credit - a drop in the ocean of Portugal's external indebtedness, but better than nothing. This credit, in essence, is a prelude to a \$750m, medium-term credit set up by 11 countries and managed through the IMF.

Before either the stand-by or the medium-term credit is granted, Portugal is expected to promise to tighten her belt, cut back non-essential imports, reduce private consumption by a credit squeeze and higher taxes, cut public spending and devalue her currency again.

At present between 16 and 20 per cent of the 13.2m workforce is believed to be unemployed. In the elections held so far the CO has claimed to have obtained about 60 per cent of the vote, trailed by UGT with about 12-13 per cent and the anarchist CNT about 1 per cent. But independent candidates have been very successful.

The CO attitude appears to be that if a factory wishes to hold new elections on government lines, then they can, but it should be up to each plant to decide.

closed lists in larger plants has to some extent died down. The CO for instance appears quite happy with the closed lists that tend to reduce the possibility of radical delegates gaining election. The proposals lay down that works councils will not apply to companies with a workforce smaller than 50.

The proposals lay down that works councils will not apply to companies with a workforce smaller than 50.

At the same time the West is now more ready to accept that the Soviet Union could withdraw forces from a number of different East European countries according to its choice, rather than pull back one single tank army - the original Western negotiating demand. Western Ministers are now convinced that the Soviet Union genuinely wants to make progress in the talks.

Mr. Vance, who was speaking at the end of the annual meeting of NATO Foreign Ministers here, appeared hopeful that major advances could be achieved in East-West relations next year. West might now accept that not only in MBFR but also in a case-by-case basis, while main-

Progress reported in Rhodesia talks

By Tony Hawkins

SALISBURY, Dec. 9.

PROGRESS WAS MADE at the two-hour meeting between the Rhodesian Government and three black nationalist delegations in Salisbury this afternoon according to a signed communication issued after the talks.

Discussions are to resume on Monday. Reflecting the urgency of the situation, the communiqué added that subsequent meetings would be held frequently.

Mr. Ian Smith led the Rhodesian delegation while Bishop Abel Muzorewa, leader of the United African National Council led the party to the talks.

Mr. Josiah Chinamano, deputy leader of Mr. Joshua Nkomo's African National Council to-day repeated his assertion that Mr. Nkomo will not return to Rhodesia to participate in the talks.

Chinamano warned in his statement that the "so-called internal settlement" would not achieve anything.

China invites Thai premier

By David Housego

BEIJING, Dec. 9.

CHINA renewed interest in South East Asia has been further demonstrated by an invitation to General Kriensak Chamanand, Thailand's new Prime Minister, to visit Peking.

It comes in the wake of a relaxation of the hostility between the Communist states of Indochina and Thailand that has been in part at Peking's prompting.

Vietnam and Thailand last week agreed to renew diplomatic relations - thus implementing an accord worked out in August 1976 but shelved as result of the vigorous anti-communism of Mr. Thamin Kraivichien, the Thai Prime Minister deposed in October.

October trade deficit of L463bn. (about £300m), following surpluses in the trade account in three of the last four months.

There has nevertheless been a sizeable improvement in the country's trade account which during the first ten months has recorded a deficit of L2403bn, as against a deficit of L4132bn for the same period last year.

But the oil deficit, which is absorbed in the overall trade figures, increased over the same period from L3905bn. in 1976 to L6135bn.

Sadat-Hussein talks finish inconclusively

BY ROGER MATTHEWS

CAIRO, Dec. 9.

EFFORTS TO NARROW Arab differences over Egypt's Middle East initiatives have made little progress during the past 48 hours and are unlikely to do so until late September.

This view, expressed privately by senior Egyptian officials, tended to be confirmed to-day after the visit by King Hussein of Jordan, ended without any official statement. It is also reflected in the limited prospects for the talks between President Anwar Sadat of Egypt and Mr. Cyrus Vance, the U.S. Secretary of State, who arrived here this evening.

King Hussein and Mr. Sadat talked for two hours last night but called off a further session scheduled for this morning. Mr. Sadat is understood to have reiterated his determination to negotiate with Israel on behalf of all Arabs and then present his achievements to a summit conference.

The Jordanian view appears to be that it cannot at this moment consider attending the Cairo conference, but Israeli concessions might make its participation feasible, even if only at a second stage talks in the New Year.

King Hussein also provided Mr. Sadat with the details of his conversations with President Hafez Assad of Syria, with whom Egypt broke relations earlier this week. Mr. Assad has just been to Saudi Arabia, and King Hussein is expected to arrive there soon.

Saudi Arabia is reported to be deeply concerned at the rift in the Arab world, but as it cannot consider aligning overtly go to Qatar to-day.

Italy production decline

BY PAUL BETTS

ROME, Dec. 9.

INDUSTRIAL production in Italy fell by 5.5 per cent in October compared to the same month last year, according to provisional figures released to-day by the National Statistics Bureau. This confirms the continuing downturn of industrial output in Italy.

In September, industrial production declined by just over 4 per cent, while during the first ten months of this year output registered a 3 per cent increase over the same period in 1976.

The statistics office also reported to-day a provisional

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West optimistic over MBFR

BY REGINALD DALE

BRUSSELS, Dec. 9.

THE WEST is confident that a breakthrough can soon be achieved in the long-drawn-out East-West MBFR negotiations in Vienna aimed at reducing force levels in central Europe.

At the same time the West is now more ready to accept that the Soviet Union could withdraw forces from a number of different East European countries according to its choice, rather than pull back one single tank army - the original Western negotiating demand. Western Ministers are now convinced that the Soviet Union genuinely wants to make progress in the talks.

Malta threatens veto

BY PAUL LENOVAI

VIENNA, Dec. 9.

THE CHIEF DELEGATE of Malta, Mr. V. J. Gauci, warned the 35-nation European Security Council to-day in Belgrade that his delegation will block any further progress as long as the participants ignore Maltese proposals for a permanent Mediterranean security committee.

The warning, issued at today's plenary meeting after instructions telephoned personally by Mr. Dom Mintoff, the Maltese Prime Minister, are being taken

very seriously, since under principle of consensus any one country can veto any proposal.

Malta has submitted a lengthy proposal for the establishment of a permanent committee on security and co-operation in the Mediterranean serviced by its own secretariat, and stied in Malta. How to satisfy the Maltese to some extent without plunging the conference into complete disarray is the question facing the delegates.

Callaghan to visit Delhi and Dacca

By David Housego

DELHI, Dec. 9.

Mr. James Callaghan is to visit Pakistan and Bangla Desh as well as India in early January. It will be the first time a British Prime Minister has toured the subcontinent since Mr. Heath's visit in 1971 to India and Pakistan.

The main subjects expected to be discussed are immigration, aid and the more protectionist stance being taken by Britain and the EEC on textile imports. The visit is also intended as a goodwill gesture.



# FINANCIAL TIMES

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Saturday December 10 1977

## Wages, prices and money

THE BEST PIECE of news for the Government this week was provided by the executive of the miners' union. The annual conference of the union earlier in the year had voted not only to ignore the 12-month gap between successive pay increases recommended by the TUC but to turn down a productivity deal put forward by the Coal Board. This second vote, which was later confirmed by a referendum, was particularly embarrassing for Ministers since the productivity deal had been specifically designed to meet the miners' claim to be treated as a special case without setting off a wage explosion. After the referendum, the union leaders were obliged to put forward formally the claim for a very large increase in basic rates demanded at the annual conference.

On Thursday, however, the national executive met and changed the outlook completely. In the first place, it voted to observe the 12-month rule, so that the negotiations will now be about a pay increase not due to come into force until March; that may persuade some other groups, who have been postponing a settlement in the hope that the miners would break the Government's pay policy, to reach agreement. In the second place, moreover, it decided by a majority of 15-9 that individual areas were free to negotiate incentive schemes with the Coal Board.

### Raw materials

Since some are eager to do so and none will want to be left behind the others, this effectively reverses the referendum decision. How small an increase in basic wage rates the miners will now be willing to accept remains to be seen, but the chances of avoiding a complete collapse of pay restraint are now markedly improved. There has been other encouraging news, too, this week about progress towards getting inflation under better control. The latest wholesale prices-output prices rising more slowly than at any time in four years, new material prices falling for the seventh month on succession—make it the more likely that inflation will be down into single figures by the first half of 1978.

### Letters to the Editor

#### Monetarism

From Mr. R. Wilkinson.  
Sir—Those of us who are not convinced that monetarism is the panacea for modern economic ailments are grateful for Anthony Harris's continuing analysis of the doctrine. I have long suspected that monetary management is a hair-shirt philosophy in that its followers believe that any increase in money supply is ultimately detrimental and will at some stage adversely influence the existing inflation rate—whatever level it happens to be.

Mr. Harris demonstrates (London, December 6) that this is indeed the case, based upon evidence from the London Business School that changes in the real money supply provide a reasonable forecast of the rate of growth of output. In simple terms or in its more sophisticated definition, monetarism is an earlier period determining the present inflation rate. It is precisely this time lag which produces the devastating logic of non-growth in monetarism. By the time the current rate of inflation becomes evident, the monetary targets which produced it become irrelevant and any further growth in money supply is by definition ruled out because it will accelerate the future inflation rate.

In an article earlier this year Mr. Harris examined the monetarist arguments for exchange rate management and the effect on foreign currency inflows. He posed the question that if any inflow which would have raised the assumed freely floating exchange rate was a result of a tight monetary policy, then surely the rise in the exchange rate would equally have export demand excessive and therefore damaging. If this is not true then the original target for money supply growth was too high. He concluded that at this point monetary arguments fade away like the smoke on the Cushing Cat. The Lombard Column explains why. Because of the time lag referred to above the proof of the correctness or otherwise of previously set targets arrives too late and current targets are too high.

Figures for 1977 are not available, although it can be assumed

Year	Total Exports	Portuguese Exports to U.K.	%
1973	613,000	381,000	62
1974	482,000	409,000	85
1975	337,000	194,000	58
1976	490,000	298,000	61

# IATA prepares to do battle with air fare 'consumerism'

BY MICHAEL DONNE, Aerospace Correspondent

A SMALL taskforce of top airline executives will be trying during the next few months to find new ways of fixing passenger fares and cargo rates, in a bid to prevent the world scheduled airline industry from sliding into chaos as a result of persistent interference by governments. The interference—in fare-making policies—has led many airlines to believe that they are being led towards financial disaster.

This team of "five wise men" was set up by the 108 members of the International Air Transport Association, after an exposé of the industry's problems at the recent IATA annual meeting in Madrid which shocked many of the delegates into realising the harshness of the situation confronting them.

It was made clear to them that their industry was now under attack from many sides, and that unless they moved quickly they faced not only an abyss of regulatory chaos but also the prospect of widespread financial failures. They were told bluntly by Mr. Knut Hammarström, director-general of IATA, that "the forces of stability and order" on the one hand (meaning IATA) and "laissez-faire" on the other (meaning governments whose interests currently centre more on charter services or on consumer interests) had been confronting each other.

"The operators are caught in the middle," he declared. "On the financial front, the uphill battle for profitability continues, with little sign of dramatic traffic expansion, cost reduction or productivity improvement in the offing. Future financing needs are becoming more apparent and more awesome (the industry will need at least \$70bn for new jets in the next decade). Environmental pressures, tourist requirements, airport development, and air traffic control congestion make up the other major problems with which the industry must grapple."

What is of immediate significance is the fact that governments are increasingly adopting politically popular "consumerist" approaches towards fares, and in some cases are introducing cheap-fare schemes that take little account of the industry's economics. These are forcing the scheduled airlines to introduce competitive schemes of their own, which many believe will divert existing traffic rather than generate new passengers.

The example most frequently cited is the U.K. and U.S. decision to permit the low-fare Laker Skytrain to fly between Gatwick and New York, which forced the scheduled airlines such as British Airways, Pan Am and Trans World to introduce cheap Stand-By and Budget Plan rates of their own.

These are already attracting much of the higher-fare, normal economy-class traffic.

The schedule airlines also face increasing competition from charter airlines, which appear to be getting preferential treatment from governments.

Against all this, the independent (or more popularly termed, charter) airlines, argue that it is they who have spearheaded the drive towards cheaper fares, on the basis that by so doing they are widening the market for millions who would not otherwise have been able to travel by air.

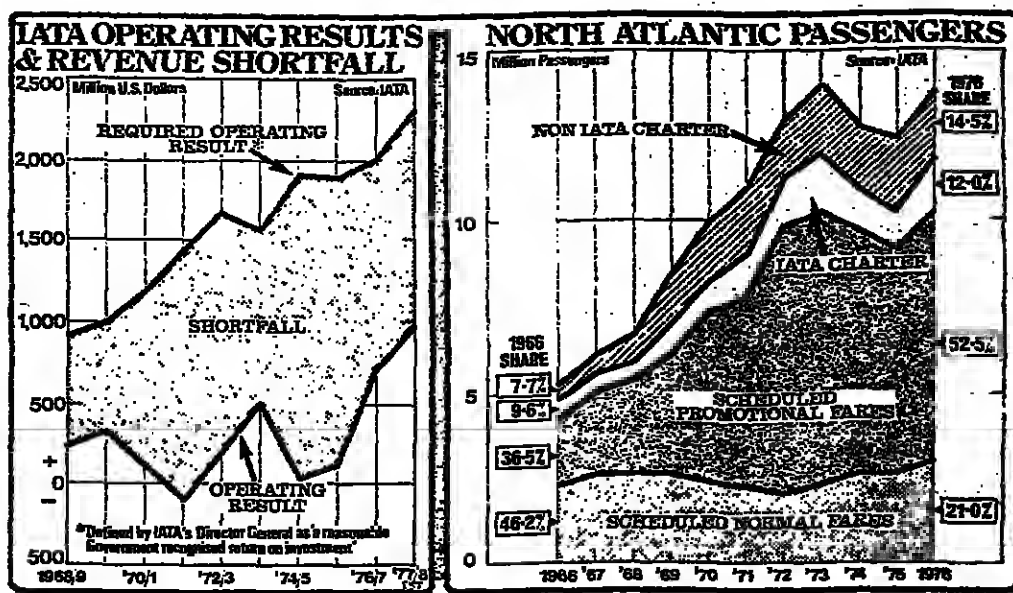
Freddie Laker, chairman of Laker Airways, argues fiercely that the IATA airlines are a cartel, and desperately anxious to preserve a position that has hitherto—that is, before the independents emerged—been protected by governments.

### Cheaper fares

The IATA airlines argue that they are not opposed to cheaper fares, and that they have reduced fares steadily in real terms over the years, in spite of substantial inflation. Mr. C. J. Meyer, president of Trans World Airlines, says that 20 years ago, a round-trip ticket London-New York cost \$425, when a subway ride cost 15 cents, an internal U.S. letter 3 cents, and a new Chevrolet \$2,000. "70-day, the subway's 50 cents, the 13-cent stamp is about to become extinct, the cheapest model Volkswagen will set you back more than \$4,000, and you can fly to London and back for \$298 on a no-reservation basis, while for \$20 more you can fly TWA, Pan Am and BA and others on the same route with a reservation."

IATA airlines also argue that there are many myths about charters. They admit that on some routes, such as the North Atlantic, non-IATA charter airlines have hiten into the market taking 14.5 per cent in 1976 against 7.7 per cent in 1966 (while over that time the market has risen from 5m. to 14m. passengers). But for the world as a whole, IATA airlines still carry 74.8 per cent of the traffic against the charters' 35.2 per cent, and this represents a fall in the charter airlines' share from their 33.2 per cent in 1971.

There have been other problems. Some airlines are increasingly unhappy about the way in which IATA itself does its work,



and have indicated that without some changes, they might quit Pan American has said it is "seriously reconsidering" its role in the association. It appears to have been influenced in this by its difficulties with the U.S. Government over fares policies—the classic example of "the operator caught in the middle" of the need for government pressures for cheaper fares on the other.

These attitudes are also worrying travel agents. Mrs. Margaret Hook, president of the Association of British Travel Agents, said at the AETA meeting in Lisbon that the "passion" of governments for pursuing consumer supremacy remained unabated. "I don't dispute the moral obligation we have to act in an honourable manner towards the consumer," she said. "But the pursuit of consumer supremacy in isolation to the viability of our industry can, and will lead to the death of many a business in this trade."

There is thus a widespread and growing feeling that consumerism has gone too far, and that the time has come to call a halt. At the same time, however, the airlines in IATA recognise that they must also bring their own procedures up to date. In Madrid, they decided to do it by setting up the team of "five wise men."

These men—Mr. Ross Stanton, deputy chairman of the British Airways, Mr. K. G. Appasamy, managing director of Air-India, Mr. L. Edwin Smart, chairman and chief executive of Trans World Airlines, Mr. Umberto Nordio, managing director of Alitalia, and Mr. Claude Taylor, chairman and chief executive of Air Canada—will first look at fare-fixing methods, because it is here the airlines are under most pressure from governments. The normal pattern is for airlines to go, with the approval of their governments, to "traffic conferences"

also be helped by a "special aid group," comprising senior retired airline personnel with the knowledge and the time to devote to helping the "five wise men" with their detailed research programmes. They are being asked to work fast, with an interim report being sent to the powerful IATA Executive Committee by mid-February, and a detailed "action plan" by April 18. The Executive Committee will refine this, and submit it to a special general meeting of IATA by June 21-23 next.

While these longer-term ideas for reform are drawn up and debated, the existing IATA machinery for settling problems must continue to function, which is why the airlines flag the North Atlantic meet mostly in Hollywood, Florida, to try to settle fares on that area from next April. Beyond that, the situation, they reached no agreements—so that Atlantic fares are still "op," indicating that the task of the "five wise men" is as urgent as ever.

So far, there is no indication of government attitudes to the IATA move. But governments know that they and not the IATA airlines are ultimately responsible for fare-fixing in the scheduled airline network, through their power of veto over IATA traffic agreements. They have so far allowed IATA airlines to bear the brunt of public criticism for unjust factory fares, and those airlines may well decide now to pass that burden back to governments. If the airlines collectively refuse to settle fares and cargo rates—as the "five wise men" may well recommend—governments will find themselves involved not merely in setting a few rates on one or two major routes, but in handling the almost intolerable administrative burden of fixing many thousands of rates worldwide on a continuous basis.

### Cut-price seats

If adopted, this method would have far-reaching consequences for the airlines in other directions. It would simplify methods of competitive pricing—the problem of getting all the airlines to abide by their own rules and stop selling seats at cut-rates in many parts of the world. It would also revolutionise the system of using "approved agents" for selling tickets. Increasingly, many airlines have become tired of a system where one or more airlines can induce agents to promote their operations by paying higher commissions— which sparked off the "commission wars" earlier this year. This system has been castigated as "selling passengers to the highest bidder."

It is this collective burden of problems that the "five wise men" are hoping to sort out. They will have the aid of a "project manager" appointed from within the airline industry, for they are all busy, and cannot take too much time off from the day-to-day running of their own airlines. They will

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# The daily grind of your newsagent

BY DAVID CHURCHILL

IN MILLIONS OF HOMES throughout Britain this morning a national newspaper will have been delivered before breakfast right to the door — a service which the public expects seven days a week, all year, and in all weathers.

But this service — which is mainly provided by the small local newsagent — is increasingly in jeopardy. In spite of the likelihood of a record £2bn turnover this year for the confectionery, tobacco and newsagent (CTN) sector of the retailing industry, there is growing gloom about the sector's survival in its present form.

Having survived the sharp increases of the past few years — and had the growth potential knocked out of their confectionery and tobacco trades — Britain's 44,000 CTN retailers have just borne the brunt of Fleet Street's worst bout of industrial disruption for many years. Some 112m copies of national newspapers have been lost so far this year through strike action and, as a result, the market leader, W. H. Smith and Son, has had to reduce its profit margins by as much as 25 per cent. The result of intensive image-building through advertising and as a result of utilising larger shop premises to display goods.

Only this week, for example, NSS Newsagents announced that pre-tax profits in the year ended October 2, were up by a third to a record £3.164m.

Some other publicly quoted multiples are expected to show similar profits growth.

The multiples' general success is moving to higher margins, at the same time as better marketing of newspapers and magazines to replace confectionery and tobacco as the main



Newsagents in Banstead, Surrey: a branch of "Martins the Newsagent's" (left) and "The Little Shop," an independent CTN (right). Centre is a National Federation of Retail Newsagents' poster which has appeared with growing frequency.

method of encouraging "store traffic" has led to consistently better performance than that of agents, and Alfred Preedy, the more numerous independent W. H. Smith and Son has about 375 outlets, most of which are estimated to have major High Street stores. The multiples have not tended to increase their number since 1971, while the independent CTN has managed to increase sales

The National Federation of Retail Newsagents, however, puts the true figure for CTNs at around 36,000 — of which it has 30,000 in membership — because it feels the census definition of CTN is too broad. Since the 1971 census, statistics show that the independent CTN as a result of technical or industrial disruption — can mean that supplies before sorting them supermarket. Attempts by the however, has never fully recovered from the sugar crisis in 1974 which has seen confectionery prices double in the past three years and has led to static sales.

Unlike many other areas of retailing where the independent shops are still of importance because of their numbers, little has been done to help the independent CTN. This has mainly been due to the lack of strength of the wholesale suppliers, other than in newspapers, who have fairly recently taken over from manufacturers the job of selling and distributing many goods direct to the newsagent. Newspaper wholesalers have a number of schemes aimed at helping the independent, such as shop modernisation, training, and seminars. But this has led to an improvement only in the newspaper side of the outlets.

But as confectionery and tobacco wholesalers began to realise that the loss of more and more independents could mean a reduction in their potential market in the long term, their low-paying industry. Rates will have come up with new rent increases, as well, have also forms of help. One wholesaler, for example, the Moffat Group, started the Superchoice system which provides the retailer with a number of services, such as sole distribution rights and VAT in return for conceding buying from the wholesaler.

But any determined effort to increase the number of independent CTNs — and thus maintain the present newspaper delivery service — must seemingly come from forming voluntary groupings between newsagents and grocers. And as in the traditional grocery trade, the newsagent will also have to attract new custom to survive.

## LABOUR NEWS

### MPs fail to secure forces pay pledge

BY IVOR OWEN, PARLIAMENTARY STAFF

DEMANDS THAT the armed forces be guaranteed the same kind of pay deal offered to firemen led to win any specific commitment from Dr. John Gilbert, Minister of State for Defence, in Commons yesterday.

Dr. Gilbert admitted that the Government was "quite justified" in the recommendations of the Forces Pay Review Body which would have to be implemented in line with the Government's pay guidelines.

This involves some pay increases over a period, he said, of a number of Conservative backbenchers called for substantial increases in servicemen's pay before April, while demands for equality of treatment with

### Australia expected to return Liberals in to-day's poll

BY KENNETH RANDALL

CANBERRA, Dec. 9

More than 8.5m. Australians will vote to-morrow in the country's fourth General Election in five years.

Most observers are forecasting a relatively comfortable victory for the present Liberal Party Government led by Mr. Malcolm Fraser, though with a substantial reduction in its present record majority of 55 seats in the House of Representatives.

Final opinion polls, however, continue to show an unusually large number of voters wavering in the choice between the main parties and the minor centre group, the Australian Democrats, led by Mr. Don Chipp, a former Liberal Minister.

A poll taken on Wednesday night and published to-day indicated that as many as 8 per cent of voters were uncertain about whom they would support, even though three-quarters of them had expressed firm voting intentions the previous week-end.

The poll showed Liberal-NCP support at 47 per cent, Labour at 40 per cent, and the Australian Democrats at 11 per cent.

The Democrats are unlikely to win a seat in the House of Representatives, but their second preference votes will strongly influence the final result, probably creating the effect of a swing against the Government of about 3.5 per cent.

Most observers are forecasting only about half what is required to produce a win for the Labour Party.

The final week of the election campaign has been marked by intensive efforts to win back Democrat supporters, or at least secure their second preferences.

The Labor Party has taken the unusual step of directing its Australian Democrats to make the second choice, obviously in the hope of reciprocation, but without the promise of it.

Mr. Chipp and his supporters have refused to consider a deal on preferences with any main party.

Allegations by Mr. Fraser that they had in fact done so with the Labor Party brought a threat of legal action from Mr. Chipp, who added: "The Labor Party is trying to kill us with kindness and the Liberal Party is trying to do us with innuendo and untruths."

Mr. Don Anthony, Deputy Prime Minister, and the NCP Treasurer in 1975, and is the party's chief economic spokesman.

### Bakers' dispute may hit Christmas bread supplies

BY NICK GARNETT, LABOUR STAFF

THE FEDERATION of Bakers yesterday that its offer to negotiate and confectionery staff — offer already rejected by the executive of the bakers' union is "somewhat" outside Government pay guidelines.

It also warned that if the Federation of Bakers, Food and Allied Workers pursued its pay offer of more than 15 per cent, a strike action, many bakeries would be forced out of business.

Members of the union are now balloted on the offer and executive, which will discuss ballot results towards the end of next week, says there is a strong probability of national industrial action which would hit the Christmas bread supply.

The federation said it was fearful of the sanctions of between 6 and 15 per cent.

### Mortgage rate cut postponed

BY MICHAEL CASELL, BUILDING CORRESPONDENT

BUILDING societies yesterday decided against another cut in the mortgage rate, although the chances of a reduction in January remain good.

Figures released yesterday by the Building Societies Association, whose council yesterday decided to take no action on interest rates, show that net receipts for the movement in November totalled £554m, against the previous month's record of £590m.

Receipts during December are bound to fall because of Christmas spending, but they could still stay over £400m.

The continuing high inflow of funds means that mortgage lending activity also remains at record levels. In November, £746m was lent to home buyers and a further £735m was promised to purchasers.

Both figures are records.

The recent increase in short-term interest rates proved instrumental in the postponement of a decision. Societies wish to see if the recent rise in the general level of interest rates has any impact on their high inflow of funds and whether or not further increases are likely.

If receipts continue to be high level and funds remain at near-record levels, then another cut in investors' and borrowers' rates will be contemplated when the societies next meet. The present 9 1/2 per cent mortgage rate could fall to 9 per cent, while the net investment rate may drop from 6 per cent to about 5 1/2 per cent.

Mr. Norman Griggs, secretary-general of the association, said the general outlook for home buyers was "particularly bright."

### Elliott Group loses £54m. Saudi deal

BY JOHN MOORE

ORDERS OF £54m. for hotels and houses from Saudi Arabia which Elliott Group, the building products manufacturer of Peterborough, announced early in August will not now proceed, it was disclosed yesterday.

At the same time losses of £247,536 were recorded in the September 30 month-end.

Announced by Mr. E. L. V. Smeeth, Elliott Group's chairman, an interim dividend has not been declared. Last night the company's shares closed 5p down at 14p.

Commenting on the £54m. orders for six hotels and 200 two-bedroomed houses, Mr. Smeeth said that hotel contracts in Saudi Arabia are usually joint ventures which include a local partner, a hotel operator and a source of outside finance.

When the letters of intent for these were signed in July, "it was understood that all parties were anxious to proceed. But in the course of time it became evident that the arrangements we required for financing could not be achieved."

The latest details of the group's trading position also sets out the controversial share dealings of Mr. Smeeth made at the time of the announcement of the orders.

Mr. Smeeth is shown to have reduced his holding from 524,833 to 189,633 shares between August 9 (six days after the announcement) and September 1 at an average price of 39p. A top price of 44p was received.

According to Mr. Smeeth the sales were made "to meet personal commitments under great pressure from my bankers (Barclays)." The commitment is a large overdraft arising from Mr. Smeeth's interest in a private yacht builder, Dagesis which is also making losses.

Two other directors, Mr. J. R. Grimsdale and Mr. L. D. Warten

### Smith's Dock men given Swan Hunter go-ahead

BY OUR LABOUR STAFF

AWING ROOM staff at Swan Hunter yesterday that the ban on shipbuilders' wages has been lifted, and that the fair wages plan is being implemented.

Members of the union are now balloted on the offer and executive, which will discuss ballot results towards the end of next week, says there is a strong probability of national industrial action which would hit the Christmas bread supply.

The federation said it was fearful of the sanctions of between 6 and 15 per cent.

### £10m. Leyland export shipment

THE BIGGEST export shipment of British Leyland cars was Swedish ship.

It took two weeks to assemble and load yesterday aboard a 3,100 tonne, Triumph Splifres and TITVs for shipment to the U.S. and yesterday a team of 40 men began driving the cars on to the Don Juan in Southampton docks. They will not finish until Sunday evening.

The cars — worth an estimated £10m — will be shipped to the U.S. with special exhaust emission controls to meet U.S. requirements.

To the Ordinary Shareholders of  
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- ★ It ignores £17 million of your assets in BIT.
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- ★ On 8th December the estimated formula value of the Offer was only **164.5p** per share
- ★ On 8th December the estimated going concern value of BIT was **191.9p** per share

Your Directors will not be accepting the Offer for their own beneficial shareholdings.

**YOU TOO SHOULD REJECT THE OFFER**

DO NOT BE PRESSURED INTO ACCEPTING IT!

This statement has been issued by Robert Fleming & Co. Limited on behalf of the British Investment Trust Limited, 8th December, 1977, was the latest available data before publication of this advertisement. A duly appointed committee of the Board of The British Investment Trust Limited has taken all reasonable care to ensure that the facts stated and opinions expressed in this advertisement are fair and accurate and all Directors have jointly and severally accepted responsibility accordingly.



# COMPANY NEWS + COMMENT

## Woodhead surges by £0.9m. mid-year

ALTHOUGH ITS share of associate companies fell from a £10,000 taxable profit to a £4,000 loss, vehicle suspension specialists Jonas Woodhead and Sons leaped by £900,000 to £2.3m. for the six months to September 30, 1977. Sales improved 30 per cent to £25m., against £18.2m.

The directors expect full time profit to top the record £4.58m. achieved in 1976, but point out that any significant upward change in the general business climate could sharply affect the company's performance.

Capital expenditure continues at a similar level to last year with the emphasis on improving operating efficiency. Bank borrowings have been considerably reduced and interest rates are considerably lower, they say.

In July the directors said the capital programme planned for the current year would absorb £2.5m. of the £2.5m. of year-end overdrafts and advances were up from £2.6m. to £3.2m.

First half earnings per 25p share were up 53p to 15.6p and the mid-year dividend was raised to 4.55p (1976-77, 4.00p). An additional 0.071p will be paid in respect of last year following the late rate cut. The final last year was £0.50p, a one-off scrip issue is now proposed.

Customer schedules for commercial vehicle products were at good levels during the six months and there was a reasonable measure of demand in other group areas, the directors say.

The group's 20 per cent holding in Amalgamated Springs and Suspensions was sold at an independent valuation of £4,000,000 and a provision for the loss on disposal has been included in the £160,000 extraordinary debits.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corre. dividend for year	Total last year
Arlington Motor	2.24	Feb. 1	1.4	6.37
E. Austin	1.28	Feb. 10	1.4	4.48
Cattle's (Holdings)	1.11	Feb. 10	1.1	2.21
Elliott (Holdings)	1.21	Feb. 10	1.08	2.29
Harold Lazarus	1.09	Jan. 10	1.29	2.38
Kearstone Int.	4.25	Feb. 5	3.5	4.85
Maclean (London)	0.42	Jan. 16	0.24	1.40
Morvale	2.4	Jan. 23	0.24	3.04
Normand Electrical Int.	1.08	Jan. 31	0.97	2.53
Stonhill	2.25	April 6	2.85	5.10
Trident Printers	1.4	Feb. 10	1.4	3.29
Jonas Woodhead	2.46	Feb. 10	2.2	6.53

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡To reduce disparity. §Additional 0.071p for 1976-77. ¶South African cents throughout. \*\*Includes 5 cents capital repayment. ††Includes 10 cents capital repayment. †††Before additional 0.022p. §§ For 15 months.

trucks sales and restricted motor-car supplies.

While demand for commercial vehicles is not seasonal, sales of cars, coaches and car hire benefit the first half more than the second, and the directors. However, the group's order book remains strong although trading conditions are little changed.

Stated half year earnings are 8.4p (53p) per 25p share and to reduce disparity, the interim dividend is increased from 1.4p to 2.24p net, absorbing £2,000,000—the previous year's final was 5.17p.

### Celestion exceeds £400,000

EXCLUDING the results of Wood Exlon Holdings, acquired in November, taxable earnings of £400,000 were reported for the six months to September 30, 1977, expanded by £1.2m. to £1.62m.

Earnings per 5p share were more than trebled to 1.88p (0.9p). The directors say that acceptances received so far amount to 95.2 per cent of Wood Exlon's 1977 profit was £1.05m.

At the time of the merger the directors said they intended to pay a net dividend on the capital increase of 1.25p for 1977. Last year profit was £1.05m.

### Midterm jump by Arlington

PRE-TAX profits for the 26 weeks to September 28, 1977, of Arlington Motor Holdings jumped from £379,000 to £671,000, exceeding by £292,000, the figure reported for all the previous year.

Item	1977	1976
Sales	25,000	19,200
Expenses	2,316	2,116
Pre-tax profit	2,316	701
Finance charges	199	71
Retained	2,117	630

### Normand Electrical recovering

REPORTING a sharp return in profits for the first 26 weeks of the current year the directors of Normand Electrical Holdings are forecasting a full year's result well above the £409,678 pre-tax figure shown for 1976-77. A record year for the group was 1974-75 when profits reached £700,830.

In the 26 weeks ended September 10, 1977, profits recovered to £381,000 compared with £223,000 in the comparable

### Stonehill well down at halfway

TURNOVER of Stonehill Holdings, furniture makers, was lower at £7.74m. against £7.51m. in the six months to September 30, 1977, and pre-tax profits fell back from £276,000 to £207,000.

The directors state that trade has now improved, and orders are now being received at a higher volume, resulting in a reasonable order book.

They are unable to forecast the year's outcome, but if trading continues at present level they would expect to effectively maintain the dividend at 4p net per 25p share. An interim of 2.25p (equal same) is now declared. The company has close shares.

Item	1977	1976
Turnover	15,100	13,400
Trading profit	242	207
Pre-tax profit	207	276
Finance charges	20	28
Retained	187	248

### Trident Printers declines

FIRST HALF profit of Trident Group Printers has fallen from £901,800 to £212,900, and the directors state that the result for the full year is now more difficult to predict.

They explain that the first half was affected by a delay in the installation of new equipment. And the full benefit of new investment is unlikely to be felt before the next financial year.

In the half year to September 30, 1977 turnover came to £5,04m. (£4,900m). This time no provision for tax has been made in view of the relief anticipated from additions to plant and machinery. Last year the charge was £157,000.

Earnings are shown at 4.3p (3.2p) per 25p share. The interim dividend is held at 1.4p net; the 1976-77 total was 3.25p from profits of £700,000.

### Setback for Elliott of Peterborough

AFTER PROVIDING for losses of £300,000, including provisions, in the six months to September 30, 1977, the Elliott Group of Peterborough reports a group pre-tax loss of £247,836 for the six months ended September 30, 1977.

Mr. E. L. V. Smeeth, chairman, explained that the position was compounded by management problems and action has been taken to adjust the scale of activity to market demand. This action has already stemmed the major source of the loss, and the chairman looks for a significant improvement in the second half. In the previous 18 months, the group reported a profit of £1.13m. of which £558,297 accrued in the first nine months.

Referring to overseas contracts the chairman says that although negotiations in respect of hotel contracts in Saudi Arabia have continued, it is now most unlikely that the group will proceed. It had become evident that the financing arrangements required could not be achieved.

Other Saudi Arabia contracts are being pursued and may have a significant effect on profitability. The effect on profitability will not be evident until 1978-79, but then the chairman feels that their impact will be considerable.

The directors have felt it prudent not to declare an interim dividend but they intend to review the position in February by which time the outcome of overseas contract negotiations should be known. They have also intended that a final be proposed. For the previous 15 months a total of 2.7p was paid.

Item	1977	1976
Turnover	5,656,674	11,776,615
Trading loss	237,863	558,498
Finance charges	9,530	28,438
Loss before tax	247,393	586,936
Taxation	207	430,573
Net loss	247,593	207,363
Provisions	227	139,834
Ordinary	247,820	347,197
Retained	248,022	1,207,568

### UNIT TRUSTS

## Two for income; two for growth

Any investor looking for income should at the moment be taking his eye off his yardstick, the return available on an investment with the building society—just over 9 per cent, grossed-up to a basic-rate taxpayer putting his money into term shares. With that in mind, the unit trust funds are high-interest funds to offer this week: Chieflain, with its High Income Units—now yielding an estimated 9.38 per cent, gross— and Lawson, with its High Yield Growth Fund. Both require a minimum initial investment of £500, though M & G has in addition a life-assurance unit-trust scheme for which the minimum required is £10 a month.

In both cases, the fund managers take the view that the American market is bombed out and represents extremely good value on fundamental grounds—though both are careful to avoid promising immediate performance. These investments are strictly for those who want capital growth, for in each case, the yield is negligible—2.3 per cent for Chieflain, and rather less for M & G.

### DIRECTORS PENSIONS

The most tax efficient means of saving for directors and senior executives is through an individual pension arrangement. This can provide a lump sum, free of all taxes, at retirement of up to 12 times salary plus a pension taxed as earned income. In addition, there is death cover of four times salary. Free of Capital Transfer Tax, the investment count as a business expense for tax purposes. Schroder Life Assurance is advertising its scheme for directors to accept which offers a mixture of either of this week's two offers: M & G America and Schlesiingers' Trident American Schroder Waggs.

### ISSUE NEWS

## RCF rights at 32p

The directors of RCF Holdings are proposing to issue 174 per cent of the £633,000 of new shares for a one-for-three rights issue at 32p each. The shares held steady in the market yesterday at 85p.

The £225,000 of new shares have been cashed, the Board points out that this expenditure to the last financial year ending July 31, 1977, was £181,000 in the previous year. For the current year the budget is £400,000 and the group plans to spend some £200,000 in the course of the next two years on further modernisation and increasing the capacity of its existing facilities.

The proceeds will provide part of the finance for this programme. Additionally the Board has negotiated the extension of the average life of secured bank loans and the group's borrowing facilities conditional upon the rights issue.

Although it is too early in the year to forecast for the current year the directors expect that the level of turnover for the first quarter will

### INTERIM FIGURES ONLY

Company	Announced	Last year	This year
Associated British Engineering	1.75	1.50	1.80
Associated British Foods	1.25	1.00	1.50
Associated British Industries	1.00	0.75	1.25
Associated British Plastics	0.75	0.50	1.00
Associated British Textiles	0.50	0.25	0.75
Associated British Tires	0.25	0.10	0.50
Associated British Vehicles	0.10	0.05	0.25
Associated British Wire	0.05	0.02	0.10
Associated British Yarns	0.02	0.01	0.05

# Cattle's six months improvement

AFTER A transfer to deferred revenue of £237,000 compared with £107,000 taxable profit of Cattle's (Holdings) for the six months to September 30, 1977. Trading profits showing a 40 per cent. increase to £245,000 were achieved on turnover 20 per cent. higher at £16.1m.

Mr. Roy Waudby, chairman, says the transfer to deferred revenue has been calculated on the revised basis referred to in his last annual report and the comparable trading profits have been restated on the new basis with the result that they are 22 per cent. up on last year's. The only significant acquisition this year came after the half-year end when, as recently announced, the group purchased the North British supplier of their entire range of products in Grimsby for a total consideration of approximately £250,000.

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# E. Austin makes headway

With taxable profit of £104,000 for the six months to September 30, 1977, the directors of E. Austin and Sons (London) say they hope the full-time figure will show some improvement on the year-end figure of £100,000. Sales by the group, which has interests in materials handling and warehousing, cleaning materials and oil, grew 10.5m. The net income is revised to 1.277p (1.144p) per 25p share. Last year's final was 2.3375p.

# BIDS AND DEALS

## Hanson in U.S. food merger

A proposed merger in North America between Hygrade Food Products, a subsidiary of Hanson Trust, and Biscuit Inc., will, if successful, create a group in the U.S. food group with a total turnover approaching £1m. in which Hanson will hold a 50 per cent. The new company, which will give Hanson a stake in a major company quoted on the New York Stock Exchange, will trade under the Biscuit name.

The financial details of the deal are still under negotiation, but agreement has been reached in principle.

Bluebird, which produces canned and smoked hams, made after tax earnings in the last financial year of \$5.5m. on a turnover of \$41.5m. Hygrade, which was acquired by Hanson and which is one of the largest meat processors and packers in the U.S., produced earnings of \$5.5m. on a turnover of \$20m.

### NATIONAL STARCH AND UNILEVER

National Starch and Chemical Corp. says the merger discussions with Unilever have continued and a special meeting of its Board has been called for Sunday to consider a proposal arising out of such discussions which it expects to have by that time.

The company has requested the New York Stock Exchange to continue the halt in trading of its Common Stock pending an announcement as to the outcome of the special meeting.

### BTR/POLYMER

The document containing details of BTR's recommended offer for Allied Polymer has gone out to shareholders. Mr. Peter Fathaly, the Polymer chairman, says shareholders in an accompanying letter that the 50p share cash offer, which closes on January 1, "fully recognises the potential of APG, as an independent company."

The APG Board, who between them hold 116,000 shares (0.6 per cent of the equity), are of the opinion that within the enlarged BTR group, the value of the complementary shares of APG, will be of the nature of their activities.

### WELLMAN ENGINEERING CORPORATION

Wellman Engineering Corporation has agreed to acquire through December 31, 1976, while the year-end figures for the year amounted assets (other than trade debtors), to \$1.1m.

# Meled Russel steps up offer for Malayalam

Meled Russel has raised its thought to exist at present, but bid for Malayalam Plantation (Holdings) from 25p to 25.5p despite having sought to give the impression that the increase was generally unlikely.

The improved offer follows yesterday's purchase by Meled Russel of a further 753,000 shares at 25p per share. A spokesman for Noble Investments, which advised Meled Russel, said the bid was not expected to be successful even at this higher level, assuming that the Board of Malayalam continued to oppose it.

### THORN SALE

Metal Industries, a subsidiary of Thorn Electrical Industries, has agreed to sell its shares to Pottery Electrical Repair Works and Type and Wear Electrical Company Limited to the General Electric Company of the U.S. for \$1,165,000 cash.

The companies are involved in re-winding and repairing electric motors and equipment and manufacturing electronic components.

### TRUST MERGER: HITS SNAG

Proposals to amalgamate Carrol Investment Trust and Tyacside Investment Trust were approved at yesterday's meetings, as were the special resolutions proposed at EGM's of the companies.

However, these proposals have run into a snag of another variety. For the inland Revenue has indicated that in certain circumstances the transfer of assets under the scheme might be treated as a distribution for the purposes of ACT, giving rise to a potentially substantial tax liability. Such circumstances are not accepted by the offer.

### BOURNE STEEL

Bourne Steel structural steel engineers of Poole, Dorset, has acquired the shares of Pottery Electrical Repair Works and Type and Wear Electrical Company Limited to the General Electric Company of the U.S. for \$1,165,000 cash.

The companies are involved in re-winding and repairing electric motors and equipment and manufacturing electronic components.

# NEI and Combustion agree alternative terms

In a reaffirmation of the so-called "Restrain" rule, the takeover of NEI has allowed Combustion Engineering Industries to raise its bid for International Combustion (Holdings) although NEI had previously stated it had no intention of accepting the offer.

The Panel has allowed the increase because the Board of Combustion, as well as NEI, is in favour of the increase. In fact it was Combustion which was strongly pressing for an increase in the first offer which it considered wholly inadequate. The offer is now being made at 5.5p more than the other one but Combustion and their advisers now strongly advise all shareholders to accept whichever offer they may prefer.

### YULE CATTO IN JOINT VENTURE

Yule Catto has formed a new company in Malaysia, Yule Catto (Malaysia) Sdn Bhd. The company will be a joint venture with Telok Plantations Sdn Bhd. The company will be involved in housing and industrial estate development in the state of Johore, previously a part of Yule Catto's plantations in Malaysia.

Yule Catto will have 40 per cent of the company, and Telok 60 per cent.

### CARLESS: CAPEL

Carless, Capel and Leonard, specialist chemicals group, is offering to take over S. Richardson, an unquoted public company for 25p a share. The terms of the offer, which include the manufacture of building preservation substances, are being considered by the directors of Richardson, who are also being advised by the company's legal advisers. The offer is being made on the basis of a closing NEI share price of 87p yesterday, this value compared with 102p per share compared with the offer of a mixture of shares and cash which values it at 94.4p per share.

### COHEN BROS.

The formal offer document for BICC's bid for Cohen Bros. (Electrical) has been despatched. Mr. L. Cohen, chairman of Cohen Bros. has said that the offer is being made on the basis of a closing NEI share price of 87p yesterday, this value compared with 102p per share compared with the offer of a mixture of shares and cash which values it at 94.4p per share.

### JFB RIGHTS

Provisional allotment letters for the rights issue of Johnson and Firth Bros. have now been posted to holders registered November 23.

Final dates for acceptance and payment are December 29 and January 6 respectively. Holders of shares who have not yet received their provisional allotment letters and cheques in good time for the first quarter.





# Heavier interest hits Lennons

**AFTER INCURRING** additional interest charges of £24,300, which were due to forward buying of wires and spirits for the current Christmas trading period, pre-tax profits of Lennons Group declined from £208,576 to £174,276 for the half-year to October 31, 1977.

These interest charges will be more than offset by the resulting benefit to margins in the second half, state the directors, who are confident of reporting another good year result. For 1977-78, a record profit of £1,669,000 was recorded.

First-half sales increased from £25.8m. to £30.67m. excluding VAT of £1.29m. (£1.0m.). Depreciation charges amounted to £4.4m. against £179,555 and profit was subject to tax of £38,500 (£43,000).

The interim dividend is raised from 0.37850p to 0.4226p net per share and Mr. D. P. Lennon, chairman, is to waive this final dividend for the previous year's final dividend of 1.1157p.

During the period, the directors have continued the policy of strengthening the financial position of their leasehold properties, and have acquired the freeholds of one supermarket and two off-licences, in addition to purchasing a freehold of four properties which have been opened as off-licences.

They have also acquired the lease of a supermarket in Carlisle, which is now in the process of being put out, and the directors are seeking at a number of proposed

locations which could be developed as additional food outlets.

## Hallam reduces deficit

**MANUFACTURERS** of systems buildings, Hallam Group, of Nottingham, announces a pre-tax loss reduced from £2m. to £0.7m. for the first six months of 1977, on lower turnover of £4.4m. against £5.9m., which reflects the closure of the cabinet factory.

Operating losses are still being incurred, but on a steadily reducing scale, say the directors, who reported a £3.91m. pre-tax deficit for all 1976.

They add that the dividend on the 5 pence per £1 preference shares due on December 31, 1977, will not be paid.

The Ordinary capital is held jointly by Montague L. Meyer and May and Hassell.

## Benfield & Loxley qualified

**UNCERTAINTY** surrounding the proposed sale of the subsidiary Merrow Associates has left the auditors of Benfield & Loxley unable to form an opinion as to the appropriateness of the treatment of the group's other 1977-78 accounts as a going concern.

They point out in their report that the accounts have been drawn up on a "going concern" basis which assumes that the company will have access to adequate financial resources. On the evidence presently available to them, the auditors say the company will only have this if the additional facilities arising as a result of the sale are made available without significant delay.

The group's bankers have indicated that they would be prepared to provide additional facilities if and when the sale of Merrow Associates as a going concern is completed by the Receiver they note.

In addition, the auditors are unable to form an opinion on the accuracy of the division of losses between operating losses of £134,000 and extraordinary losses of £18,000.

The decisions taken to sell developments and to appoint a receiver at Merrow Associates will provide a more secure base and help to overcome the previous irregular pattern of profitability of the group the directors believe, Mr. D. W. Olney, the chairman, says in his annual statement.

Subject to unforeseen circumstances, the directors anticipate that the group will achieve a pre-tax profit of about £9,000 for the current year and consider that

# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and mergers

Activity in the bids and mergers field remained quiet, although speculative business in stock markets in likely bid candidates remained fairly lively.

**Trust and Agency of Australasia**, suspended last November 28 at 145p, has agreed a £14.7m. offer from Charterhouse Japhet, merchant bankers. The bulk of Trust and Agency's portfolio will be sold to the bank's clients, thus causing little effect on market prices. The formula of the bid, worked out on certified net assets of T and A, would have placed a value of 172½p on each share on November 25.

A bid of 25p a share for **Malayalam Plantations** from McLeod Russel, announced on Monday, received the cold shoulder from the Board of the former. However, late yesterday, McLeod Russel announced that it had purchased Malayalam shares at a price of 26½p each to bring its total holding in the company to 32.78 per cent and was increasing its general bid for the outstanding shares to 25p. An important key holding, 23.6 per cent, of Malayalam is held by Harrisson and Crossfield which has yet to declare its reaction to the offer.

**Spink and Son** shares fell 25p to 295p on Thursday following the company's announcement that bid talks with an unnamed party, first announced over two weeks previously, had come to nothing. The statement added that several other parties are interested in acquiring all or part of Spink, the shares of which recently hit a high of 330p compared with a price of 150p at the beginning of September.

The answer of the Board of Second Broadmount Trust to the surprise proposal by Chieftain Trust Managers to liquidate and to be reconstituted as a unit trust under the latter's management is awaited with keen interest in investment trust circles. SBT directors beneficially own 10 per cent of the shares and a Board member controls a further 40 per cent as a trustee. A September 14, 1977, valuation of assets for SBT was put at 89.1p per share, and Chieftain estimates that units in the new trust would, on the same basis, amount to 86.2p; shareholders have been advised to take no action pending the Board's considerations.

The Board of International Combustion Holdings has been unhappy about the bid from Northern Engineering Industries since they were faced with a fait accompli after NIEI had secured the 44.7 per cent stake held by International Combustion Incorporated of America and subsequently increased its stake to 50.65 per cent through purchases in the market. The ICH Board is now recommending the bid which contains an all-share exchange alternative which improves the value per share from 96.4p to 102.2p with Northern Engineering at 87p.

Company bid for	Value of bid per share*	Market price**	Price before bid (£m's)**	Final Acc't's data	Bidder
Abrasive Int'l.	26*	25	25	0.62	Unicorp Inds.
Allied Polymers	59*	43	37	9.30	BRK
Assam Fruit Tea	400*	285	285	1.5	Waspac
Berner (Leoni)	173*	18	14	0.28	D. F. Began
British Industrial	89*	87	31	5.2	Wessex, Sarnak, Rotherford and
British Industrial	188*	163	88.4	88.4	Nat. Coal Fd.
Cohen Bros.	53.13*	51	47	2.19	RICC
Crane Franchising	108*	21	20	10.30	Frucht. Cpn.
Doland (Geo.)	25*	25	1.08	1.08	(Marlowe) 13/12
Edinburgh & Dundee Inv.	170**	159	148	75.47	British Rail
Era Hldgs.	149	140	149	9.24	PK Elect.
Electronic Rentals	100*	117	98	74.28	Philippe Lamp
Ferro Metal	69*	58	43	1.15	Greg. Gary Int'l.
Freshbake	28**	19	14	2.1	Borthwick (T.)
Glenlivet	440*	440	440	84.22	Seagram
Graham Wood	69*	58	44	0.73	Brit. Steel Cpn.
Hill Cinema	132*	128	80	0.73	Mecca
Int'l. Combustion	102*	85	80	8.5	Nihari Engrs.
LaFarge Org.	88*	82	88	5.3	LaFarge SA
LaFarge Org.	88*	82	88	5.3	LaFarge SA
Le-Vallouet Trd.	467.1*	460	77	1.40	Palmier & Hrvy.
Lyonsdale Eng.	26*	26	16	0.6	Air Coll
Madame Tussauds	20*	20	16	0.5	Wardstrong
Morgan Gramplan	23*	49	30	8.1	S. Pearson
Newwest Hotel	200*	191	155	30.52	Trafalgar Hse.
Reed & Smith	72*	72	31	5.4	Dunham Mount
Sec. Broadmount	63*	61	35	5.07	St. Regis Paper
Singlo Holdings	38.31*	34	22	2.59	Chieftain
Supra Inv.	24*	24	22	1.1	Caparo Inv. 28/11
Tebbit Group	64.88*	63	55	1.9	Warren Plants.
Trust & Agency	71*	12	8	0.22	Clievis of
Tysoide Inv.	104	104	102	11.05	Carroll Inv.
Whites (France)	108*	106	74	1.41	Gwynnes Peat

\* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Combined market capitalisation. \*\* Based on 8/12/77. †† At suspension. ‡‡ Bid. §§ Estimated.

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Anderson's Rubber	July 31	57	(71)
Armitage Shanks	Oct 1	927	(925)
Atkins Bros.	Oct 1	266	(132)
ATV	Sept. 25	5,010	(5,170)
Bambrook	Sept. 30	3,550	(3,530)
Bambrook	Sept. 30	322	(333)
Bambrook	Sept. 30	950*	(761)†
Bardon Hill	Sept. 30	406	(6)
Gen. Bassett	Oct 14	1,950†	(1,900)
Birmingham Mint	Oct 1	180	(25)
Black & Co.	Sept. 30	180	1.25
Braham Miller	Sept. 30	51	(42)
Bremner	July 31	196	(235)
Bristol Post	Sept. 30	815	(608)
British Building	Sept. 30	110	(11)
British T.	Sept. 30	573	(41)
Browlee & Co.	Sept. 24	318	(816)
Carlo Fog.	Sept. 30	425	(381)
Carding Group	Sept. 30	245	(242)
Carters Capital	Sept. 30	1,165	(1,165)
Cashco	Sept. 30	202	(173)
Chapman (Ballm.)	Sept. 24	43	(164)
Chas. & Chem.	Sept. 30	9,510	(4,090)
Chas. & Chem.	Sept. 30	3,561	(3,648)
Chas. & Chem.	Sept. 30	406	(322)
Chas. & Chem.	Sept. 30	2,015	(1,958)
Chas. & Chem.	Oct 1	1,011	(1,032)
Chas. & Chem.	Oct 1	144.8	(130)
Chas. & Chem.	Sept. 30	1,090	(579)
Chas. & Chem.	Sept. 30	53,029	(46,076)
Chas. & Chem.	Sept. 30	4,352†	(2,947)
Chas. & Chem.	Sept. 30	2,265	(768)
Chas. & Chem.	Sept. 30	3,081	(3,608)
Chas. & Chem.	Oct 12	318	(299)
Chas. & Chem.	Sept. 30	1,578	(1,648)
Chas. & Chem.	Sept. 30	20	(19)
Chas. & Chem.	Sept. 30	4,038	(2,432)
Chas. & Chem.	Sept. 30	1,297	(2,356)
Chas. & Chem.	Sept. 30	1,578	(1,648)
Chas. & Chem.	Oct 1	1,260	(882)
Chas. & Chem.	Oct 31	1,671	(1,110)
Chas. & Chem.	Sept. 30	285	(163)
Chas. & Chem.	Sept. 30	5,420	(7,280)
Chas. & Chem.	Aug. 27	1	(1)
Chas. & Chem.	Oct 1	20,890	(27,600)
Chas. & Chem.	Sept. 24	284	(293)
Chas. & Chem.	Sept. 30	391	(391)
Chas. & Chem.	Aug. 31	48	(10)
Chas. & Chem.	Sept. 30	370†	(290)
Chas. & Chem.	Oct 31	187	(187)
Chas. & Chem.	Sept. 30	13	(13)
Chas. & Chem.	Sept. 30	62,486	(47,689)
Chas. & Chem.	Sept. 30	474	(261)
Chas. & Chem.	Sept. 30	295	(10)
Chas. & Chem.	Sept. 30	231	(158)
Chas. & Chem.	Oct 1	14	(27)
Chas. & Chem.	Sept. 30	356	(230)
Chas. & Chem.	Sept. 30	1,558	(1,257)
Chas. & Chem.	June 30	91	(73)
Chas. & Chem.	Sept. 30	92	(225)
Chas. & Chem.	Sept. 30	487	(261)
Chas. & Chem.	Oct 30	1,780	(2,011)
Chas. & Chem.	June 30	18	(18)

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
Barton Group	Aug. 31	5,081L	(2,411)L	NIL
Bechtel	July 31	3,122	(285)L	2.1
Cambridge Kiang	June 30	707	(402)	10.4
Davenport Bros.	Sept. 30	658	(968)	9.1
J. A. Devensh	Sept. 30	1,230	(1,170)	18.9
Elson & Bobbin	Sept. 30	1,743	(1,140)	12.8
Enlon Plastics	June 30	72	(52)	5.5
Frederick W. Evans	Sept. 30	320	(195)	c
Frederick W. Evans	Sept. 30	896	(422)	8.2
Frederick W. Evans	Sept. 30	24,400	(19,200)	20.3
Frederick W. Evans	Sept. 30	853	(922)	5.6
Frederick W. Evans	Sept. 30	1,890	(1,650)	10.2
Frederick W. Evans	Sept. 30	636	(571)	3.2
Frederick W. Evans	Sept. 30	17,811	(15,180)	11.0
Frederick W. Evans	Sept. 30	509	(428)	56.6
Frederick W. Evans	Oct 2	3,164	(2,711)	10.5
Frederick W. Evans	Sept. 30	3,400	(2,245)	5.7
Frederick W. Evans	Sept. 30	36,458	(39,847)	5.7
Frederick W. Evans	Sept. 30	5,444	(5,261)	8.3
Frederick W. Evans	Oct 2	4,385	(5,040)	73.3
Frederick W. Evans	Sept. 30	78	(81)	2.2
Frederick W. Evans	Sept. 30	635	(336)	23.1
Frederick W. Evans	Sept. 30	303	(239)	3.4
Frederick W. Evans	Sept. 24	3,430	(2,980)	c
Frederick W. Evans	Sept. 30	917	(818)	8.6
Frederick W. Evans	Sept. 30	5,770	(5,385)	17.0
Frederick W. Evans	Sept. 30	5,444	(5,261)	8.3
Frederick W. Evans	Oct 2	4,385	(5,040)	73.3
Frederick W. Evans	Sept. 30	78	(81)	2.2
Frederick W. Evans	Sept. 30	635	(336)	23.1
Frederick W. Evans	Sept. 30	303	(239)	3.4
Frederick W. Evans	Sept. 24	3,430	(2,980)	c
Frederick W. Evans	Sept. 30	917	(818)	8.6
Frederick W. Evans	Sept. 30	5,770	(5,385)	17.0

## Rights Issues

Johnson and Barnes: One-for-one at 12½p each.  
John Williams of Cardiff: Three-for-eight at 30p each.

## Scrap Issue

Blakey's (Malleable Castings): One-for-one at 25p.

## H. Young now stems losses

During the six months to May 31, 1977, H. Young Holdings returned to profitability reducing the deficit for the 18 months period to £17,000, compared with a loss of £82,000 for the previous 12 months.

The directors state that this trend has continued to the present time and the first half of the current year will show continued profitable trading. Subject to no further deterioration in the economy, they are confident that the company will remain in profit.

Turnover for the period was higher at £5.5m. (£3.7m.). Loss per 25p share increased from 7.5p to 14.0p and again no dividend is payable—the last payment being £1.3125p net in respect of 1975-76.

The company is engaged in the manufacture of environmental test cleaning appliances, light engineering and motor distribution.

## Killinghall Rubber nears £300,000

With the tie tribute being ahead by £105,681 to £202,572, tax able earnings of Killinghall (Rubber) Development Syndicate advanced from £17,380 to £293,204 in the year ended June 30, 1977.

Earnings of 10p share are stated at 12.68p (6.7p) and the net total dividend is lifted to 11.55p (6.99p) with a final of 10.17p.

# America: the next opportunity?

The case for investing in the U.S.A. now

Every major stock market experiences a phase where a series of political or economic considerations causes a downward drift in investor confidence. The situation becomes self-perpetuating until stock prices fall to a level below their intrinsic value.

When this is recognised a major upward adjustment in prices often occurs. In Schlesingers' view a return to these fundamental values and a strong stock market recovery are likely before long in America because:

- At current levels American stocks are selling at roughly half the 20 year average price/earnings ratio.
- Share prices, as a ratio of their companies' assets, are currently only two-thirds of their 20 year average level.
- Dividend returns are now very attractive (in many cases higher than U.K. shares) and look set for further increases.
- Inflation has moderated and the U.S. economy is expected to achieve 5%-6% growth this year.

Taking account of all these factors, Schlesingers believe that, taking a medium term view, current prices represent an attractive opportunity to purchase U.S. stocks.

### Avoiding the risks of the \$ premium

For over two years Schlesingers have stressed the risks involved in the \$ premium. The collapse of the premium from over 90% in April 1975 to 38% has borne out these views. U.K. residents investing in the American Index through the premium in January would have seen a fall in value of their holdings of 24% (25% after premium tender) compared with a 14% fall in Wall Street measured by the Standard & Poors 500 Index.

### Trident American Growth Fund

Investing in America through the Trident American Growth Fund, however, enables investors to largely avoid the \$ premium. The Fund utilises a back-to-back loan so that unit-holders have been protected from most of this fall in the premium.

Schlesingers continue to adopt a watchful but flexible view, deploying investors' funds either through such loans or through the \$ premium at acceptable levels.

Schlesingers—specialists in the management of private, institutional and pension funds.

To: Schlesinger Trust Managers Ltd, 140 South Street, Docking, Surrey.

I wish to invest in  Trident American Growth Fund  American PIMS  American PIMS (BLOCK EXCESS BEHALF)

Please send me full details of your share exchange scheme

I wish to know more about the American Growth Fund

A cheque is enclosed, made payable to Trident American Growth Fund, however, should you not wish to invest in the American Growth Fund, the cheque should be returned to the Fund Managers, 140 South Street, Docking, Surrey. This offer is not available to residents of the Republic of Ireland.

I declare that I am not resident outside the Scheduled Territories and that I am not acquiring the units as a nominee of any person resident outside the Territories. (If you are unable to make this declaration, it should be deleted and this application form should then be lodged through your U.K. stockbroker or solicitor. If your name is registered, but accounts designated with their initials will be accepted.)

Signature: \_\_\_\_\_ (BLOCK EXCESS BEHALF)

First name: \_\_\_\_\_ (In full)

Address: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

(In the case of a joint application all must sign) FT 10/12

# Another good year in prospect for the Lennons Group

## Interim Profit Statement

For the 26 week period ended	1st Oct. 1977	25th Sept. 1976
	£	£
SALES	£30,668,370	£25,587,768
GROUP PROFIT BEFORE TAX	740,653	808,576
Corporation tax calculated at 52%		60,000
Estimated Liability Deferred Taxation	398,500	373,000
GROUP PROFIT AFTER TAXATION	£347,153	£375,576
Interim dividend 0.4226p (1976 0.37850p) per share net of advance corporation tax at 34% (1976 35%)	106,839	95,639
Less dividends waived	8,494	7,605
	£98,345	£88,034

Extracts from the Statement of the Chairman, Mr. D. P. Lennon:

- Pre-tax profits for the half year are £740,653 as against £808,576.
- These figures are somewhat distorted by interest charges payable of £24,303 due to forward buying of wines and spirits for the current Christmas trading period.
- These interest charges will be more than offset by benefits resulting to margins in the second half year.
- Food retailing has experienced difficult trading period when margins and volume have been subjected to competitive pressures. I feel that the trade will settle down to more realistic levels.
- Board is fully justified in paying interim dividend of 0.4226p net per share, which is the equivalent of an increase of 10% on last year's interim dividend.
- We have continued policy of purchasing freeholds and acquired one supermarket and two off-licences in addition to four properties opened as off-licences.
- I am confident that by July I will be reporting yet another good year.

# LENNONS GROUP LIMITED

# Lennons

# Private company directors...

## Are you missing out?

Current legislation allows Private Company profits—which would normally be subject to Corporation Tax—to be deployed to the advantage of Controlling or Executive Directors.

The Schroder Life Group can help you to establish your own individually tailored tax free fund; you pay no tax on contributions and you receive a tax free lump sum on retirement, together with substantial pension and life assurance benefits.

We have an excellent record in assisting the tax-payer in private life, as well as in business, to make the very best use of what the law allows him.

Our Investment Management is in the very capable hands of J. Henry Schroder Wagg & Co. Limited, our associated company, and one of the country's leading Merchant Banks.

To find out more about your tax concessions, either send in this coupon for information or contact your insurance broker.

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Name: \_\_\_\_\_ FT 10/12/77

Address: \_\_\_\_\_

(Not applicable to residents of Eire.)

# Schroder Life Group

Make your pension worth having.

## HIGH AND INCREASING INCOME

# 10.6%

### TWSON HIGH YIELD FUND

10% Equities 40% Preference Shares

Price of shares and the income from them go down as well as up.

Annual Gross Yield 14.4% (including VAT of 1.29m. (£1.0m.)). Depreciation charges amounted to £4.4m. against £179,555 and profit was subject to tax of £38,500 (£43,000).

FIXED PRICE OFFER UNTIL FRIDAY DECEMBER 16 1977 (ON A FIRST COME BASIS)

INCOME UNITS 51.2p

LIABILITY UNITS 60.4p

Minimum Investment £1,00



WALL STREET + OVERSEAS MARKETS + LATEST PRICES

Early upward tendency

BY OUR WALL STREET CORRESPONDENT

AN UPWARD tendency developed on Wall Street to-day, reflecting the smaller-than-expected rise in the November Wholesale Price Index.

At 1 p.m. the Dow Jones Industrial Average was up 3.55 to 812.46, reducing its loss on the week to 11.32, while the NYSE All Common Index at 891.38, gained 22 cents on the day but was still

in a net loss of 1.10. The Dow Jones Industrial Average was up 3.55 to 812.46, reducing its loss on the week to 11.32, while the NYSE All Common Index at 891.38, gained 22 cents on the day but was still

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Closing prices and market reports were not available for this edition.

Other Markets

Canada higher

Other Markets

Analysts also attributed the rally to the acceptable Money Supply growth for the latest reporting period and bargain hunting following recent selling.

Canadian Stock Markets gained further ground in active trading yesterday.

Analysts also attributed the rally to the acceptable Money Supply growth for the latest reporting period and bargain hunting following recent selling.

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THURSDAY'S ACTIVE STOCKS

Table with columns for Stock, Change, and Price. Includes stocks like General and S. West, etc.

Indices

Table with columns for Dec 7, Dec 8, Dec 9, Dec 10, High, Low, and % Change. Includes NYSE, Dow Jones, etc.

NEW YORK

Table with columns for Stock, Price, and Change. Includes stocks like Alcoa, etc.

OVERSEAS SHARE INFORMATION

Table with columns for Stock, Price, and Change. Includes stocks like Anglo-Siam, etc.

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Table with columns for Stock, Price, and Change. Includes stocks like Anglo-Siam, etc.

NEW YORK - DOW JONES

Table with columns for Dec 7, Dec 8, Dec 9, Dec 10, High, Low, and % Change.

INDICES

Table with columns for Dec 7, Dec 8, Dec 9, Dec 10, High, Low, and % Change.

NEW YORK

Table with columns for Stock, Price, and Change.

OVERSEAS SHARE INFORMATION

Table with columns for Stock, Price, and Change.

STANDARD AND POORS

Table with columns for Dec 7, Dec 8, Dec 9, Dec 10, High, Low, and % Change.

INDICES

Table with columns for Dec 7, Dec 8, Dec 9, Dec 10, High, Low, and % Change.

NEW YORK

Table with columns for Stock, Price, and Change.

OVERSEAS SHARE INFORMATION

Table with columns for Stock, Price, and Change.

F.T. CROSSWORD PUZZLE No. 3541

A price of £3 will be given to each of the senders of the first three correct solutions.

ACROSS

- 1 Whistler sick of giving fresh... 2 Tolerant drink purveyor... 3 Chioia of old football team...

DOWN

- 1 Judge who has things well-pated... 2 Bird provides feed for a picnic... 3 Endure the French way...

SOLUTION AND WINNERS OF PUZZLE No. 3535

Following are the winners of last Saturday's prize puzzle:

ACROSS

Grid for crossword puzzle with numbers 1-31.

DOWN

Grid for crossword puzzle with numbers 1-31.

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APPOINTMENTS

Executive changes at ICI Plastics

ICI Plastics Division Board. Mr. Cornforth, successor to Mr. R. W. Snodden, now project group manager (Polyethylene), a post which will be filled by project engineers, Mr. B. E. Wardley.

Mr. D. R. Saunders and Mr. E. W. Stephens, managing director and executive chairman, respectively, of WESTBRICK PROFILES, have resigned as directors and will no longer be executive officers of the company.

Mr. M. D. McWilliam, deputy chairman of STANDARD CHARTERED MERCHANT BANK, has been appointed managing director from January 1978.

Mr. G. R. Seymour has been appointed deputy chairman of HUBBARD AND CO. from January 1, 1978.

Mr. Alan Farmer is to join INVESTMENTS, the investment management subsidiary of Citicorp.

Mr. Maurice Newbourn, managing director of Westbourne International Holdings, has been elected chairman of the Somerset Centre of the INSTITUTE OF DIRECTORS.

Mr. R. A. L. Rose has been appointed works director of DUNLOP TYRE MANUFACTURING, HCB-ANGUS, following the retirement of Mr. Norman Baines, general works manager.

Mr. Trevor Nutman has been appointed managing director of RAYROLLE PTY. LTD., Melbourne, in addition to his present position as managing director of Rayrolle Parsons of New Zealand.

Mr. D. G. Whyte, now an assistant general manager (coverage) of THE POLARIS GROUP, has been appointed managing director of CHANGE ASSURANCE, London, will become deputy general manager of Union of Carleton Insurance Company and North Pacific Insurance Company, in Hong Kong, in March next year.

Mr. R. H. Boissier has been appointed a non-executive director of THE POLARIS GROUP AND ENGINEERING. His other directorships include managing director of Aiton and Company and a director of Derbyshire Building Society, Walsby and Symonds, Precision NV, Brummen, Holland.

Mr. J. M. Allen has resigned as a director and secretary of CHRISTY BROS.

Sir Douglas Allen, at present Head of the Home Civil Service and Permanent Secretary to the Civil Service Department, has been appointed by the Prime Minister as a trustee of the ANGLO-GERMAN FOUNDATION.

Mr. C. M. East has been appointed to the Board of HARTLEY COOPER HOLDINGS. He joined the group 15 years ago.

INTERNATIONAL FINANCIAL NEWS

Volvo denies that it is seeking State aid

STOCKHOLM, Dec. 9. To two recent speeches Mr. Gyllenhammar has suggested that, instead of spending 500 million on declining industries in order to maintain employment, the Swedish Government should give more support to the meetings of Volvo and the meetings of Volvo and the meetings of Volvo.

Burlington's £90m. Irish projects

BURLINGTON Industries, the U.S.-based textiles group, is to start work immediately on four major new projects in the Republic of Ireland, at a cost of \$90m. (£49m.).

Spanish loan assessment

THE TREASURY is assessing the impact of the large public debt issue which was launched this week. According to preliminary assessments the issue has been comfortably oversubscribed.

Babcock & McDermott have assets of \$1.1bn.

THURSDAY'S joint declaration of merger terms by Babcock and Wilcox of the U.S. and J. Ray McDermott (which appeared in late editions of yesterday's Financial Times) finally give some substance to the sums that Wall Street analysts have for some time been applying to the two companies.

Strikes hit at U.S. Steel

UNITED STATES Steel Corporation may experience a loss during the fourth quarter on its overall steel making operations. According to Mr. Michael Curto, group vice president for operations, AP-DJ reports from New York.

Paris Bourse strike

NORMAL ACTIVITY on the Paris Bourse is likely to be disrupted next week following a vote by Stock Exchange employees to continue their strike action in support of pay and job security claims.

CASSAR & COOPER THE MULTI SERVICE GROUP OF COMPANIES Real Estate, Sales, Letting, Management, Valuations, etc.

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THE OUTLOOK FOR COMMODITY FUTURES This monthly investment bulletin gives our view of the likely future performance of the principal commodities.

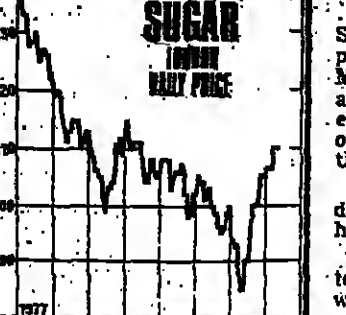
THE C.C.S.T. WEEKLY MARKET REPORT Sent free only to clients using our commodity broking services this report gives fundamental news, interprets the current technical situation in each of the major London markets and forecasts future price movements.

The First Viking Commodity Trusts Commodity OFFER 41.7 Trust BID 39.6 Double OFFER 92.0 Option Trust BID 87.0

COMMODITIES/Review of the week

Sugar makes steady progress

WORLD SUGAR prices made their ground this week as hard strengthened on international markets. London price moved 44 higher to 0 a tonne, the highest level to August.



Trade covering against recent Soviet purchases pushed prices up again on the London Metal Exchange. There was also an element of seasonal demand among domestic buyers.

MARKET REPORTS

BASE METALS

COPPER - Higher as balance on the London Metal Exchange. Market prices for metal initially falling from 282 to 280 on trade selling before gaining ground on buying.

COFFEE

Amalgamated Metal Trading reported that in the morning coffee futures traded at 27.75, three months 28.25, six months 28.75, three months 28.25, six months 28.75.

SILVER

Silver was 242 1/2 on an ounce lower for spot delivery to the London bullion market. The price was 242 1/2 on an ounce lower for spot delivery to the London bullion market.

COCOA

Continued loss of first hand cocoa led to a further decline in prices. The price was 11.00 on a tonne lower for spot delivery to the London bullion market.

COFFEE

On quiet, terminal values advanced by some 50 to 50 in morning prompted by Commodity-Spot Rome buying reports.

U.S. Markets

Soybeans, coffee and copper up

COPPER CLOSED firm on Commodity-Spot. Silver backed to 242 1/2 on an ounce lower for spot delivery to the London bullion market.

MEAT/VEGETABLES

MEAT COMMISSION - Average fatback 140.00, average tallow 140.00, average lard 140.00.

SOYABEAN MEAL

After steady opening in line with Chicago futures, most of gains on soyabean meal were made in afternoon.

WEEKLY PRICE CHANGES

Table showing weekly price changes for various commodities including Wheat, Soyabean Meal, and other goods.

MARKET REPORTS

Table showing market reports for various commodities including Wheat, Soyabean Meal, and other goods.

FINANCIAL TIMES

Table showing financial times data including Reuters, Dow Jones, and Moody's.



# Profit fall forces Istock change

BY LYNTON McLAIn, INDUSTRIAL STAFF

PRODUCTION OF concrete style, in favour of more brick-clad buildings, has contributed, Mr. King said, to a fall in Istock's profits. The company is planning a progressive transfer of its brick panel cladding interests from Rugby to Empire Stone, in a "cash" transaction. This course had been chosen "to reduce the inevitable redundancies and to assure a continuity of work to Istock's brick panel customers," Mr. King said.

# Ulster workers take over glass factory

BY OUR BELFAST CORRESPONDENT

ABOUT 150 workers yesterday took over a crystal glassware factory in Belfast which was due to stop production because of a long-running inter-union row.

The company warned this week that it had to lay men off because of the inter-union dispute. This had meant that no clerical or administrative work had been done for five weeks.

Most of the company's employees are members of the Irish Transport and General Workers' Union. Its local official has accused the management of trying to introduce the white-collar union, APEX, into the plant, contrary to a former agreement.

Fourteen members of the staff who belong to APEX have been locked out since the dispute began at the end of October. The Northern Ireland Department of Commerce is understood to have told the company that it will not act recently-agreed financial assistance until matters are resolved.

The company said that one of the conditions for the package of Government aid was that it should stick to a plan to develop to this at present because of the row.

Labour Relations Agency in Belfast have talked to all sides in the dispute but have made "no positive progress."

Less than two months ago, workers in a sister company, Ulster Crystal of Dungannon, Co. Tyrone, locked out their management as part of a successful campaign to prevent redundancies and to assure a continuity of work to Istock's brick panel customers," Mr. King said.

# Dearer ferries to Ulster, Isle of Wight

Financial Times Reporter

BRITISH RAIL Sealink fares to Northern Ireland and the Isle of Wight are to be raised next month roughly in line with the 14 per cent increase in rail fares.

The price of the second class single fare from Stranraer to Larne goes up by 35p to £3.05, and from Portsmouth to Ryde by 12p to 87p. Other services affected are the Portsmouth-Fishbourne/Lymington routes, and the service across the Humber from Hull.

A summer-only car ferry route is being introduced between Fishguard and Dún Laoghaire, near Dublin, next year and sailings on the Fishguard-Rosare and Rosare-Dún Laoghaire are to be stopped up.

# ART GALLERIES

- AGNEW GALLERY, 45, 61, 63, 65, 67, 69, 71, 73, 75, 77, 79, 81, 83, 85, 87, 89, 91, 93, 95, 97, 99, 101, 103, 105, 107, 109, 111, 113, 115, 117, 119, 121, 123, 125, 127, 129, 131, 133, 135, 137, 139, 141, 143, 145, 147, 149, 151, 153, 155, 157, 159, 161, 163, 165, 167, 169, 171, 173, 175, 177, 179, 181, 183, 185, 187, 189, 191, 193, 195, 197, 199, 201, 203, 205, 207, 209, 211, 213, 215, 217, 219, 221, 223, 225, 227, 229, 231, 233, 235, 237, 239, 241, 243, 245, 247, 249, 251, 253, 255, 257, 259, 261, 263, 265, 267, 269, 271, 273, 275, 277, 279, 281, 283, 285, 287, 289, 291, 293, 295, 297, 299, 301, 303, 305, 307, 309, 311, 313, 315, 317, 319, 321, 323, 325, 327, 329, 331, 333, 335, 337, 339, 341, 343, 345, 347, 349, 351, 353, 355, 357, 359, 361, 363, 365, 367, 369, 371, 373, 375, 377, 379, 381, 383, 385, 387, 389, 391, 393, 395, 397, 399, 401, 403, 405, 407, 409, 411, 413, 415, 417, 419, 421, 423, 425, 427, 429, 431, 433, 435, 437, 439, 441, 443, 445, 447, 449, 451, 453, 455, 457, 459, 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2877, 2879, 2881, 2883, 2885, 2887, 2889, 2891, 2893, 2895, 2897, 2899, 2901, 2903, 2905, 2907, 2909, 2911, 2913, 2915, 2917, 2919, 2921, 2923, 2925, 2927, 2929, 2931, 2933, 2935, 2937, 2939, 2941, 2943, 2945, 2947, 2949, 2951, 2953, 2955, 2957, 2959, 2961, 2963, 2965, 2967, 2969, 2971, 2973, 2975, 2977, 2979, 2981, 2983, 2985, 2987, 2989, 2991, 2993, 2995, 2997, 2999, 3001, 3003, 3005, 3007, 3009, 3011, 3013, 3015, 3017, 3019, 3021, 3023, 3025, 3027, 3029, 3031, 3033, 3035, 3037, 3039, 3041, 3043, 3045, 3047, 3049, 3051, 3053, 3055, 3057, 3059, 3061, 3063, 3065, 3067, 3069, 3071, 3073, 3075, 3077, 3079, 3081, 3083, 3085, 3087, 3089, 3091, 3093, 3095, 3097, 3099, 3101, 3103, 3105, 3107, 3109, 3111, 3113, 3115, 3117, 3119, 3121, 3123, 3125, 3127, 3129, 3131, 3133, 3135, 3137, 3139, 3141, 3143, 3145, 3147, 3149, 3151, 3153, 3155, 3157, 3159, 3161, 3163, 3165, 3167, 3169, 3171, 3173, 3175, 3177, 3179, 3181, 3183, 3185, 3187, 3189, 3191, 3193, 3195, 3197, 3199, 3201, 3203, 3205, 3207, 3209, 3211, 3213, 3215, 3217, 3219, 3221, 3223, 3225, 3227, 3229, 3231, 3233, 3235, 3237, 3239, 3241, 3243, 3245, 3247, 3249, 3251, 3253, 3255, 3257, 3259, 3261, 3263, 3265, 3267, 3269, 3271, 3273, 3275, 3277, 3279, 3281, 3283, 3285, 3287, 3289, 3291, 3293, 3295, 3297, 3299, 3301, 3303, 3305, 3307, 3309, 3311, 3313, 3315, 3317, 3319, 3321, 3323, 3325, 3327, 3329, 3331, 3333, 3335, 3337, 3339, 3341, 3343, 3345, 3347, 3349, 3351, 3353, 3355, 3357, 3359, 3361, 3363, 3365, 3367, 3369, 3371, 3373, 3375, 3377, 3379, 3381, 3383, 3385, 3387, 3389, 3391, 3393, 3395, 3397, 3399, 3401, 3403, 3405, 3407, 3409, 3411, 3413, 3415, 3417, 3419, 3421, 3423, 3425, 3427, 3429, 3431, 3433, 3435, 3437, 3439, 3441, 3443, 3445, 3447, 3449, 3451, 3453, 3455, 3457, 3459, 3461, 3463, 3465, 3467, 3469, 3471, 3473, 3475, 3477, 3479, 3481, 3483, 3485, 3487, 3489, 3491, 3493, 3495, 3497, 3499, 3501, 3503, 3505, 3507, 3509, 3511, 3513, 3515, 3517, 3519, 3521, 3523, 3525, 3527, 3529, 3531, 3533, 3535, 3537, 3539, 3541, 3543, 3545, 3547, 3549, 3551, 3553, 3555, 3557, 3559, 3561, 3563, 3565, 3567, 3569, 3571, 3573, 3575, 3577, 3579, 3581, 3583, 3585, 3587, 3589, 3591, 3593, 3595, 3597, 3599, 3601, 3603, 3605, 3607, 3609, 3611, 3613, 3615, 3617, 3619, 3621, 3623, 3625, 3627, 3629, 3631, 3633, 3635, 3637, 3639, 3641, 3643, 3645, 3647, 3649, 3651, 3653, 3655, 3657, 3659, 3661, 3663, 3665, 3667, 3669, 3671, 3673, 3675, 3677, 3679, 3681, 3683, 3685, 3687, 3689, 3691, 3693, 3695, 3697, 3699, 3701, 3703, 3705, 3707, 3709, 3711, 3713, 3715, 3717, 3719, 3721, 3723, 3725, 3727, 3729, 3731, 3733, 3735, 3737, 3739, 3741, 3743, 3745, 3747, 3749, 3751, 3753, 3755, 3757, 3759, 3761, 3763, 3765, 3767, 3769, 3771, 3773, 3775, 3777, 3779, 3781, 3783, 3785, 3787, 3789, 3791, 3793, 3795, 3797, 3799, 3801, 3803, 3805, 3807, 3809, 3811, 3813, 3815, 3817, 3819, 3821, 3823, 3825, 3827, 3829, 3831, 3833, 3835, 3837, 3839, 3841, 3843, 3845, 3847, 3849, 3851, 3853, 3855, 3857, 3859, 3861, 3863, 3865, 3867, 3869, 3871, 3873, 3875, 3877, 3879, 3881, 3883, 3885, 3887, 3889, 3891, 3893, 3895, 3897, 3899, 390







STOCK EXCHANGE REPORT

British Funds up to £1 1/2 better on confident buying Equity index up 0.7 for Account rise of 19.9 at 485.9

Account Dealing Dates... First Declared Last Account... British Funds featured stock markets yesterday with gains stretching to £1 1/2 in long-dated stocks on renewed heavy demand.

Further consideration of the mid-way profits fall. Magnet and Southern shed 10 to 190 and Richard Costin recorded 3 1/2 up to 240p.

Home Banks easier... Movements of any consequence were hard to find in the investment market.

FINANCIAL TIMES STOCK INDICES

Table with columns: Dec 9, Dec 8, Dec 7, Dec 6, Dec 5, Dec 4, Dec 3, Dec 2, Dec 1, 1977. Rows: Government Secs, Fixed Interest, Industrial Ordinary, Gold Mines, etc.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns: High, Low, S.E. Activity. Rows: Govt. Secs, Fixed Int., Ind. Ord., Gold Mines.

Uranium showed Pantelone... Elsewhere Consolidated shares were sharply disappointed.

Banks easier... Banks closed with modest losses after a small trade. Lloyds drifted down 2 to 275p.

Burton up again... Stores were once again noticeable for an extended recovery in Burton as persistent buying on recovery hopes lifted the Ordinary 11 more to 99p.

Quiet Mines... Golds ended an extremely quiet week on a dull note in the wake of Friday's decline.

RISES AND FALLS

Table with columns: Yesterday, On the way. Rows: British Funds, Govt. and Foreign Bonds, Industrials, etc.

NEW HIGHS AND LOWS FOR 1977

Table with columns: Share Information, Service, Motorists, etc. Rows: Anglo-Continental, Anglo-Continental, Anglo-Continental.

Equity index up 0.7... The FT index rose slightly and a harder tendency towards the close led to a net rise on the day of 0.7 at 485.9.

BP move ahead... British Petroleum issues featured the Oil market, the old Ordinary rising late by 18 to 44p.

FT-Actuaries share indices... These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries.

ACTIVE STOCKS

Table with columns: Stock, Denomina-tion, Closing marks (p), Change on day, 1977 high, 1977 low. Rows: Beecham, BP, ICI, etc.

OPTIONS TRADED

Table with columns: First Last, Deal-Declar, Settlements, etc. Rows: Shell Transport, Thorn Electric, etc.

FT-ACTUARIES SHARE INDICES

Table with columns: EQUITY GROUPS, SUB-SECTIONS, Fri, Dec. 9, 1977, Highs and Lows Index. Rows: CAPITAL GOODS, BUILDING MATERIALS, etc.

ON THE WEEK

Table with columns: Stock, Denomina-tion, Closing marks (p), Change on week, 1977 high, 1977 low. Rows: BP, EMI, ICI, etc.

RECENT ISSUES

Table with columns: Issue, Amount, Date, etc. Rows: Anglo-Continental, Anglo-Continental, Anglo-Continental.

BASE LENDING RATES

Table with columns: Bank, Rate, etc. Rows: A & N Bank, Allied Irish Banks Ltd., American Express Bk., etc.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Date, etc. Rows: Anglo-Continental, Anglo-Continental, Anglo-Continental.

"RIGHTS" OFFERS

Table with columns: Issue, Amount, Date, etc. Rows: Anglo-Continental, Anglo-Continental, Anglo-Continental.

FIXED INTEREST PRICE INDICES

Table with columns: British Government, 1-5 Years, 3-10 Years, etc. Rows: British Government, 1-5 Years, 3-10 Years.

Handwritten signature or mark at the bottom of the page.



AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

Table of authorised unit trusts including Abbey Unit Tr. Mgrs. Ltd., British Life Office Ltd., and various international and domestic funds.

Table of offshore and overseas funds including Fidelity Mgt. & Res. (Bda.) Ltd., Kemp-Gee Management Jersey Ltd., and various international and domestic funds.

CLIVE INVESTMENTS LIMITED advertisement with contact information and services offered.

BRITISH LIMBLESS MEN'S ASSOCIATION advertisement featuring a photograph of a man and text about their services.

Advertisement for a stock exchange investor with contact details and a phone number.

INSURANCE BASE RATES advertisement showing various insurance rates and terms.

Advertisement for a financial service or insurance provider with contact information.

Advertisement for a financial service or insurance provider with contact information.

INSURANCE, PROPERTY, BONDS

Large table listing various insurance, property, and bond products from companies like Abbey Life Assurance Co. Ltd., Credit & Commerce Insurance, and others.

NOTES section containing additional information and disclaimers related to the insurance and financial products.



# TV: the sting in Hollywood's tale

BY NIGEL ANDREWS

FOR THE past few years, Hollywood has owed its survival as the capital of the feature film industry to a sustained exercise in economic brinkmanship. Or so you would believe if you scanned the headlines of the trade journals and believed the messages of doom that they elaborately spell out. With each new year, it seems, one major studio or another has found itself teetering on the brink of bankruptcy, only to be rescued in the nick of time by a sudden windfall at the box office.

Universal found financial salvation with *The Sting* and *Jaws*; Paramount with *The Godfather*; United Artists with *Rocky*. And the fortunes of 20th-Century Fox have lately catapulted themselves from the abyss to the firmament with *Star Wars*, currently outgrossing all previous movies in the history of the cinema.

**Still thriving**

The truth, as always, is less dramatic. Hollywood is thriving, partly to be sure, through the hazardous methods outlined above, but partly also thanks to its steady status as the new capital of TV film production.

they are turning out successful TV series by the yard: among them a popular new police series with Robert Blake called *Baretta*, and that long-playing, money-spinning duo of favourites, *The Bionic Woman* and *The Six Million Dollar Man*. (The latest spin-off of the Bionic cult is—suspend your incredulity—*The Bionic Dog*.)

In addition, Universal derives a not inconsiderable revenue from the public tours of the studio it provides daily. The Universal tour is almost as mandatory a stop on the Los Angeles tourists' itinerary as Disneyland, and I can testify to its prodigious entertainment value.

A film such as *The Swarm*, carrying the burden and responsibility of a Warner Brothers' multi-million dollar budget, can afford to miss no trick in the way of publicity or sly leaks to the Press. Miss de Havilland's great moment had been eagerly publicised all day.

"You are sitting in on his story," director Irwin Allen told me on my arrival. "We are going to enter Olivia de Havilland with bees."

In the circumstances, Miss de Havilland was showing remarkable sang froid.

But as she got up from her prime position on the railway carriage floor she appeared to be stung on the arm. She shakily descended from the train, propping herself on the solicitous arm of the director, who called for a nurse. Star, director and retinue then disappeared into the darkness of the sound stage.

Earlier, I had approached the man in charge of the bees and asked how they had been rendered harmless. "There are cold hoes and hot bees," he cryptically replied: going on to explain that bees subjected to a cold temperature were drunzy and disinclined to sting. He denied that they had had their stings removed, although a promise he later collected from the studio floor, after Miss de

Havilland's ordeal, had indeed been snatched. When it comes to the rewards of entertainment, the rewards are enormous. When it loses, the sufferer is not, alas, the blockbuster that fails—these have enough publicity injected into them to ensure that they stay afloat even though visibly struggling (witness *King Kong* and *A Bridge Too Far*)—but the low-budget independent film that cannot, for either lack of talent, secure big studio backing.

The economic gap between the two classes of film is awesome. *The Swarm* is budgeted at \$12m, and will probably go over. Most independent films would be happy to have in their kitty a 15th part of that sum. Which is mighty the amount (\$800,000) for which Alan Rudolph's *Welcome to L.A.* recently, was made.

Rudolph is one of the brighter talents among Hollywood's young directors—a protégé of Robert Altman—of M\*A\*S\*H and Nashville fame

—he was at work on his second feature when I visited him on location in Culver City, Los Angeles. The struggle to get his first feature produced has left him bruised but still fighting. Originally, he told me, he and producer Altman had been unable to find any major studio to back *Welcome to L.A.*; then United Artists had taken it on only to stop support as soon as the film went over budget. Altman himself had to provide the rest of the money.)

But Rudolph has reaped the rewards of perseverance. His new film, a thriller starring Geraldine Chaplin and Anthony Perkins, has a more handsome budget—although still not in the same league as *The Swarm*—and seems assured of wider and more confident distribution: partly because as a thriller it fits into a more saleable genre slot and partly because Rudolph already has one feature film to his name. The last person the major studios and distributors usually wish to hear from is a director with no previous feature film to his credit.

Rudolph sees a brighter, broader light at the end of the Hollywood tunnel than I do. "What I've learned is that any film that's presentable should not lose money, though it may take a little extra care to get it to its audience." What I learned in Hollywood was that the gulf between the multi-million dollar bracket of movie-making and the low-budget area seems to be widening rather than narrowing. But what I also learned was that both parties are determined to survive, and that with will and ingenuity both can.

It was in 1913 that Cecil B. DeMille first came to Los Angeles and set his cameras down in a little suburb called Hollywood. Much celluloid has passed through the splicing machines between then and now; and next year a still solvent Hollywood celebrates its 65th birthday.

## REVENUE FROM HOLLYWOOD STUDIOS

(Worldwide income in \$m.)

STUDIO	FILMS	TV PROGRAMMES
UNIVERSAL	74 213.4	279.7
	75 289.1	187.6
WARNER*	74 204.6	63
	75 187.8	54
COLUMBIA	76 171.5	67.3
	75 201.1	53.5
MGM	74 95.6	27.8
	75 1,001.1	17.5
U. ARTISTS†	76 229.5	55.5
	75 187.4	29.6
PARAMOUNT‡	74 182.3	65.1
	75 175.5	52.1
20TH CENTURY	74 217.2	37.7
FOX	75 210.1	31.3
TOTAL	76 1,284.1	566.6
	75 1,351.1	427.6

\* Figures for Warner are estimates only and do not include Canada.  
 † Parent company of United Artists is TriStar America.  
 ‡ Parent company of Paramount is Gulf and Western.

# RCF HOLDINGS LTD

(Hand tool manufacturers and distributors)

	1977	1976
31st July		
Group Turnover	£13,287,679	£10,723,219
Profit before Taxation	£ 556,643	£ 491,642
Profit after Taxation	£ 270,922	£ 255,883
Sales Exports	£ 3,948,446	£ 3,170,231
Total Dividend	2,722.5p	2,437.5p
Earnings per Share	4.29p	3.92p

## STEADY IMPROVEMENT FORECAST

### Mr. John Godfrey's Statement

**FINANCIAL**

Whilst some improvement in trading conditions in general has been evident throughout the year when compared with 1976, activity in the Construction Industry, the principal outlet for our products, could in no way be described as having been buoyant either in the United Kingdom or overseas.

I am pleased, nevertheless, to be able to report that as a result of increased sales volume an improvement in profit has been achieved.

Trading profit before taxation for the year ended 31st July, 1977 amounted to £556,643 as compared with £491,642 for the year ended 31st July, 1976.

**DIVIDENDS**

Your Directors recommend that a final dividend of 1,847.5p per share be paid on the ordinary shares which with the interim dividend of 837.5p per share paid in July 1977, makes a total of 2,722.5p per share (1976, 2,437.5p per share).

The increase in dividend recommended is the maximum permitted by the Counter Inflation (Dividends) (Amendment) (No. 2) Order 1975.

**SALES**

Although the improvement in the receipt of orders referred to in my Interim Report has continued, considerable fluctuation has occurred from month to month and a steady and consistent up-turn from both home and overseas has yet to emerge.

Our performance in overseas markets has been gratifying in that of a total turnover increase of £2.56m, for the year £0.78m, is attributable to Export, a rise of 24.5% as compared with 1976 Export turnover.

Good results have been forthcoming from our Middle Eastern markets and we shall continue to place emphasis upon increasing our share of trade in this area.

**MANUFACTURING**

Whilst most of our manufacturing units maintained their relative contributions to profit, it was decided to close down our unit in Crawley and transfer its production to Sheffield. This decision is now in the course of being implemented.

During the year a number of new products have been introduced in line with our continuing programme of research and development.

**OVERSEAS MANUFACTURING**

Despite depressed trading conditions in South Africa, our South African based subsidiary has performed well and benefit has accrued from stocks of our United Kingdom manufactured products being held upon the premises of our Rosslyn plant for the first time during the course of the year.

Mr. F. J. Pearce, the first Chairman of Rabone Chesterman (S.A.) (Pty) Limited, retired on January 1st, 1977 and has been succeeded by Mr. H. R. Reed, whose general and local financial expertise is proving to be most welcome.

**DISTRIBUTION**

Our Wholesaling Division has had an excellent year, taking into account the somewhat depressed conditions which have prevailed during the period under review.

In addition, we shall shortly be trading from our new, recently established distribution company which has been located in the Bristol area with the intention of providing improved service to our customers in the South West.

We wish RCF Tools (SW) Ltd. every success in this new venture.

**GENERAL**

The burden of excessive taxation continues to inhibit growth and until greater spending power is restored to the individual end the corporate sector alike, expansion in the field of consumer durables will be slow.

The Construction Industry, in the recent mini-budget has been given a mild tonic which augurs better for the future as far as we are concerned, and the rapid escalation in raw material costs has at least slowed down in the last six months.

If the wage element does not become out-of-hand we can look forward with some degree of optimism to a period of more settled trading and I think we can now anticipate steady improvement in the progress of the Group.

My Colleagues and I wish to express our thanks to all in our organisation who have made it possible to report an improvement in our results over the period of a difficult and frustrating year.

Rabone Chesterman RCF Tools



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devoted to the

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INDUSTRIALS—Continued INSURANCE—Continued PROPERTY—Continued INV. TRUSTS—Continued FINANCE, LAND—Continued

Table of Industrial stocks including companies like ICI, BP, and Shell with columns for stock price, high, low, and volume.

Table of Insurance stocks including companies like Sun Alliance and Commercial Union.

Table of Property stocks including companies like British Land and National Westminster.

Table of Investment Trusts including companies like Anglo-Siam and Anglo-Thai.

Table of Finance and Land stocks including companies like National Westminster and Anglo-Siam.

Table of Motors, Aircraft Trades, and Commercial Vehicles.

Table of Components and Garages and Distributors.

Table of Shipbuilders, Repairs, and Shipping.

Table of Shoes and Leather.

Table of South Africans and Overseas Traders.

Table of Newspapers and Publishers.

Table of Paper, Printing, and Advertising.

Table of Textiles.

Table of Teas.

Table of Rubbers and Sisals.

Table of Paper, Printing, and Advertising.

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MINES—Continued CENTRAL AFRICAN

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NOTES

TEAS

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

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A selection of Options traded is given on the London Stock Exchange Report page.



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MAN OF THE WEEK

The iron fist at Big Steel

BY STEWART FLEMING

IF YOU CAME ACROSS David Roderick in a church it would be easy to mistake him for a priest with the domed head for the parish priest. Talking to him the image seems to fit for the 53-year-old president of United States Steel speaks with the zeal of a conviction about the virtues of the American free enterprise system and when he has to mention the word "socialism," you can almost feel that Satan has been cooped up and is standing, quivering at your elbow.

Typical of what some steel industry observers describe as the "finer" quality of U.S. Steel top management both men have been with the company virtually all their working lives. Roderick, however, lived in Paris and travelled extensively in Europe and Africa in the 1960s and he has the reputation for being more politically astute than his chairman. It is hard, if not impossible, to imagine him remarking, as Mr. Speer did, to a large group of reporters that if Japanese steel importers were Americans they would be in gaol.

But if Roderick can be more tactful than his chairman his convictions on the issues of "illegal" dumping of foreign steel in the U.S. and on some of the



David Roderick Conviction about the virtues of free enterprise

Carter Administration's proposals for supporting the weaker members—initially—the U.S. steel industry, are just as uncompromising. It was Mr. Roderick who in U.S. Steel's official comment on the Carter plan—a statement which can be read as in the industry's response although not everyone in the industry would agree fully with it—warned that Government loan guarantees for steel companies "could be the first step towards ultimate nationalisation."

As for the centrepiece of the Carter Administration's plan—the trigger price below which steel imports will not be allowed into the U.S. without sparking U.S. Treasury anti-dumping inquiries—Mr. Roderick's suspicions are thinly veiled. He worries about the Government "doctoring" the Japanese cost numbers on which the reference price is based—perhaps he should worry as much about the Japanese doctoring them or perhaps he takes that for granted. And he talks of the acceptability of the reference price system if it "accomplishes what it has allegedly been designed to do."

Nobody who knows the U.S. steel industry is surprised with the combative and suspicious eye through which U.S. Steel is viewing the Democratic President's proposals. The obvious reference point from which to trace "Big Steel's" history of confrontation with the U.S. Government is the famous shout out between President John F. Kennedy and U.S. Steel chairman Roger Blough in 1962. Kennedy's biographer Theodore Sorenson remarks that Kennedy said after the event that his father "always told me that steel men were sons of bitches."

While the industry can readily find grounds for its suspicions of government there are those who argue that it is also its own worst enemy. There is for example, more than a whiff of arrogance clinging to the corporate ethos, as distinct from the people—at U.S. Steel perhaps it should not be surprising in a company which was formed by the two of the high priests—robber barons?—of corporate America, J. P. Morgan and Andrew Carnegie, and which has dominated its sector for over 50 years.

Moreover U.S. Steel is the colossus in an industry whose output has built modern America from its motor-cars to its skyscrapers. But while the other giants of the U.S. industrial marketplace—the oil, chemicals, car manufacturers and banks—have been out colonising the commercial world, "Big Steel's" international interests have been small. The iron-ore of Mesabi, the metallurgical coal of Appalachia and the markets of America have conspired to limit U.S. Steel's horizons to the city boundary of Pittsburgh.

Public sector loans below projection

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CENTRAL GOVERNMENT revenue and spending figures for the first eight months of the financial year continue to point to a significant under-shooting of the borrowing requirement projected for 1977-78 only just over a month ago.

Treasury figures, published yesterday, show that the borrowing requirement of central Government totalled £3,066bn. between April and November, compared with £3,500bn. for the same period last year. This is in contrast to the rise of 17 per cent. forecast in the spring Budget a year ago.

These figures will give further weight to the widespread market view that the borrowing requirement of the public sector as a whole—for which figures to September were announced earlier this week—will be at least £1bn. below the latest official estimate of £7,500bn. in 1977-78.

This has favourable implications for the Government's gilt-edged sales programme and for the growth of the money supply, and insofar as present influences apply next year, there could be more room for tax cuts in the spring Budget than has been previously assumed.

In November, the Government borrowing requirement was

higher than a year earlier—at £1,070bn. against £945bn. But a larger rise had been expected by the market since borrowing last month was boosted by half-yearly interest payments on the large amount of gilt-edged stock issued at the end of last year and by higher lending to local authorities against additional quotas which became available in October.

The continuing underlying improvement is shown by a rise of just under 14 per cent. in the eight months to November in Consolidated Fund revenue, excluding the BP share sale proceeds. This compares with an increase of 11 per cent. forecast last spring for the full financial year.

This difference appears to be largely due to a slightly faster growth in earnings than previously assumed. One explanation is that there are differences in the timing of the collection of corporation tax and an overall rise in advanced corporation tax receipts.

Up to the end of October, corporation tax receipts were 31 per cent. higher than a year earlier at £1,390bn. compared with a small fall for the full year projected last spring. Ahead of the main tax-paying

season it is too early to estimate whether corporation tax receipts for 1977-78 will be more buoyant than expected as a result of the strong profits growth of the previous year, though this looks highly likely.

Consolidated fund expenditure up to November was 9 per cent. higher than a year ago, compared with the forecast rise of 10 per cent. for the full financial year.

This is the result of continued significant underspending with central Government expenditure covered by cash limits 31 per cent. less than expected up to September. However, some of this under-shooting may be recouped by next April.

British Steel's financial problems provide an additional reason for caution, which is likely to have been reflected in the recent borrowing estimates. Over the eight months to November, an increase of £735m. in lending by central Government to local authorities, which have switched away from the money markets, has been offset by repayments of debt.

Consolidated fund revenue, excluding the BP share sale proceeds. This compares with an increase of 11 per cent. forecast last spring for the full financial year.

U.S. fights for stricter rules on export credit

BY DAVID CURRY

PARIS, Dec. 9.

THE U.S. has made it clear that it cannot guarantee its continued adherence to the 20-nation international consensus on export credit limitation without tightening up its interest rate structure and clarification of its terms.

At the meeting which ended here today on how the agreement should continue beyond its formal expiry at the end of the year, some delegations said that they were prepared to let it continue in its present form while talks went on to improve the way it operated.

The U.S., however, said it would continue to observe the present terms only until the meeting on January 10, and that at this meeting, a new document should be agreed.

For the first time, the French came under direct attack today for their apparent intention to renew a 1974 credit to the Soviet Union at below the 71 per cent. floor set by the consensus. Some Frs. 67bn. remains of the original line of around Frs. 12.5bn., which was at a 7.2 per cent. interest rate.

It was acknowledged that however unfortunate the French position, there were no legal grounds for complaint since the original credit had been arranged before the consensus was agreed in June last year.

About 20 countries now subscribe by way of unilateral declarations to the consensus,

which is not a treaty, bears no signature and has no agreed interpretation. It is hoped to tackle the problem of harmonising the interpretation of the agreement over the coming months.

The U.S. will not insist on an across-the-board increase in rates but it wants to remove what it calls inconsistencies in the existing structure.

For example, it objects that both "poor" and "intermediate" countries—the Soviet Union falls into the latter category—be able to negotiate credits of between two and five years at 71 per cent. and propose a rise of 1 per cent. for intermediate countries.

It proposes that interest rates should be stepped up regularly, as maturities lengthen. The U.S. has received its attack on the cost of insurance facilities of some countries, notably the U.K. and France; and on the absence of a clear definition of mixed credits.

In general, the Americans appear to prefer the assessment of rates on the basis of commercial criteria of creditworthiness rather than upon a semi-geographic classification of rich, intermediate and poor.

France, the U.K. and Italy appeared coolest towards the consensus. There have been two overlapping, but distinct, issues in

the talks. The first is the level of rates and maturities.

The second is the attempt to improve the quality of the agreement by clarifying definitions so that everyone has the same idea of what the consensus means.

For example, expressions such as "official support" and "mixed credit" fell into a grey area.

It is also agreed that procedures need explaining more clearly. For example, what happens in the case of a breach of an agreed interest rate floor; and what formula for matching can be worked out.

The U.S. proposes to get over the problem of the renewal of existing credit lines by establishing a register of credits negotiated before June last year.

It would also favour the establishment of better channels for exchanging information to permit credit insurers to have a clearer idea of the terms being offered to competitors which they were being asked to match.

Finally, it is hoped to introduce eventually more systematic treatment of the categories of credit outside the consensus, such as shipbuilding, aircraft and nuclear plant.

Observers noted that, while the U.S. preference for a general tightening of terms was not favoured, there was no question of the North American delegation being completely isolated in their viewpoint.

Latest tap is £900m. issue

BY MICHAEL BLANDIN

THE BANK of England yesterday announced a new £900m. issue of Government stock on the gilt-edged market moved ahead again on continued buying.

The demand for stock exhausted supplies of the official lot of gilt stock, the Treasury 10 per cent. 1982. A total of £600m. of this stock was issued three weeks ago, but the authorities started to sell the stock actively only on Tuesday this week.

The renewed strength of the market reflects a growing conviction that interest rates have now settled down at their new levels, after the uncertainties which followed the 2 per cent. jump in minimum lending rate to 7 per cent. a fortnight ago, and could even fall.

The market has also been helped by the favourable indications for more supply given by this week's banking figures and by the miners' vote.

Yesterday, it took the news of the new stock issue in its stride to end with further gains.

The new stock replaces the previous short tap stock which was exhausted on Wednesday. It is £900m. of 81 per cent. Exchequer stock 1981 to be issued at a price of 96.75 per cent, payable in full on application. With £100m. set aside for public sector investment, only £800m. will be available for the public.

At this price, the stock offers yields of 9.36 per cent. to redemption and 8.53 per cent. at. The market ended with rises of up to 2 in the short-dated stocks and of up to 13 in the long end. The Financial Times Government securities index rose 0.85 to 76.63, to bring its increase in the past eight days to 2.29 or over 3 per cent. No mortgage cut yet, Page 15

Japan's GNP

The cuts are likely to be discussed at a meeting of the Tariff Council (a Government-Industry consultative body) scheduled for December 20.

The actual contents of the eight-point package in the meantime remains a closely guarded secret, but a minimum amount of information being released to Western envoys who have interviewed Economic Ministers during the past few days.

Americans still have doubts

By David Bell

WASHINGTON, Dec. 9. THE U.S. Administration has yet to get a detailed look at the package that Mr. Nobuhiko Ushiba is bringing from Tokyo, but officials say privately that the package may not be so far enough from U.S. insistence that Japan should announce a target date by which it may be eliminated, or at least substantially reduced, its current account surplus.

Neither side is viewing the visit as a negotiating session, but there may be pressure on Japan to go further than it has so far, after U.S. experts have studied the package. It therefore seems unlikely that any agreement can be reached before the end of the year.

Goy de Jougues said after Mr. Ushiba to Brussels before the end of this year, but the initial response from Japan appears to have been cool.

The aim was to impress on him the need for Tokyo to take full account of European interests in its package of planned trade concessions.

The invitation was issued by Mr. Roy Jenkins, European Commission President, who suggested that Mr. Ushiba should visit after his trip to Washington. Mr. Jenkins emphasised that the EEC tolerated no receiving "parity of treatment" with the U.S.

However, Commission officials said that Japan had replied that it would be "very difficult" to arrange a visit at this time.

Mercedes opens sales centre

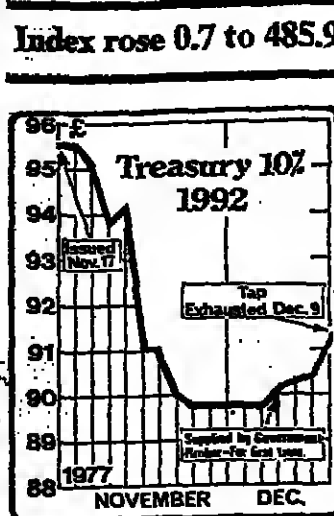
A £140,000 sales, spare parts and service centre for Mercedes-Benz commercial vehicles was opened yesterday in Bradford.

The centre is part of Ocean Transport and Trading, the Liverpool-based shipping, transport and distribution group.

The premises cover 1,000 square metres on an 11-acre site and house £15,000 worth of workshop equipment plus stock worth £50,000.

THE LEX COLUMN Clouds lift from gilt-edged

Index rose 0.7 to 485.9



The Government's tactics in the gilt-edged market appear to have paid off once again. It is only two weeks since the City was rocked by a two point rise in Minimum Lending Rate. Sales of gilt-edged securities were virtually at a halt for more than a month and the rise in the money supply was causing anxiety. This week the clouds lifted.

Money market rates have been easing with one year money now half a point cheaper than last week and on Tuesday the Government Broker was able to start supplying the long tap—Treasury 10 per cent. 1982—establishing a price which was some 51 points below the issue level. From then on the pace quickened rapidly. The following day the short tap became exhausted and by yesterday the market was a keen buyer of the long tap, taking giant bites which ran it out by the afternoon.

In these monetarist times success or failure in the Government bond market reinforces themselves. When debt is not being sold the money supply tends to overshoot the targets and the market becomes even more reluctant. But once the taps are in action it means that the money supply problem is being corrected and demand builds rapidly to a crescendo.

In the current banking month which runs until next Wednesday, the authorities will have achieved an impressive amount of funding. Adding up the final call on a previous long tap stock of £528m., the £291m. second call on BP, the tail end of the short tap and the whole issue of Treasury 10 per cent. gross sales must have been well over £1.5bn.

So although M.L.R. is unlikely to change in the near future there is scope for a further decline in yields at the long end of the bond market. But despite the improving sentiment in gilts the equity market has remained lifeless.

As a result the credibility of Elliott is badly damaged. And investors are likely to be unimpressed that the group is in negotiation on a further £15m. worth of work in the Middle East. Most unfortunate of all are the chairman's share sales in August and September, made to meet personal commitments under great pressure from my bankers.

Distillers With the Christmas season getting into full swing, yesterday's menacing noises from the Distillers Company about the possibility of higher whisky prices, if the EEC finally bans its dual pricing system, was bound to cause a fuss. But the EEC threat has been around for some time now and the real surprise is the speed and aggressiveness with which the company has responded to the leaks from Brussels. It seems that Distillers is not so aloof after all.

Collecting BITS For all the world his fine Statue of Liberty, Midland Bank and its celtic associates stand with their portals wide on Monday to the small but dilatory shareholder in British Investment Trust. The game comes down to an acceptance of the offer in the NCB pension funds 3 p.m. precisely, and never said it said that any client, S. G. Warburg expressed the widow and the orphan child. But however much has the latest spectacular instance of Warburg's ingenuity cost the Coal Board's pensioners? The hits and pieces that the bid pulls in through its private network on Monday are likely to sway the course of battle; and shareholders can't after ample warning dispatch their acceptance forms on time deserve to take the consequences.

Elliott Group The salutary lesson to be learnt from the Elliott Group saga is that under no circumstances should an announcement be made which suggests that an overseas order is "firm" when in fact there are many important negotiations to complete. The company says that it felt obliged to come out with a statement after all.

Weather

U.K. TO-DAY SHOWERS. Sunny spells. London, E. Anglia, S.E. Cent. S. and S.W. England, Midlands, and S.W. Channel Is. Bright intervals. Showers. Max. 9C (48F). E. Cent. N. and N.E. England, Borders. Rain clearing. Brighter with showers. Max. 7C (45F). Wales, N.W. England, Lakes, I. of Man. Showers, heavy at times. Bright intervals. Max. 5C (41F). Scotland, N. Ireland. Showers, heavy at times. Bright intervals. Max. 8C (46F). Outlook: Unsettled.

BUSINESS CENTRES

Table with columns for location, Y'day, and Y'day. Locations include Amsterdam, Athens, Barcelona, Beirut, Bern, Brno, Brussels, Bucharest, Budapest, Cairo, Cardiff, Chicago, Cologne, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Hong Kong, Istanbul, London, Lyons, Madrid, Manila, Mexico City, Milan, Moscow, New York, Osaka, Paris, Rome, Seoul, Singapore, Stockholm, Sydney, Taipei, Tokyo, Vienna, Zurich.

HOLIDAY RESORTS

Table with columns for location, Y'day, and Y'day. Locations include Alicante, Algiers, Antalya, Athens, Barcelona, Bordeaux, Boulogne, Casablanca, Cape Town, Copenhagen, Dublin, Edinburgh, Frankfurt, Geneva, Hong Kong, Istanbul, London, Lyons, Madrid, Manila, Mexico City, Milan, Moscow, New York, Osaka, Paris, Rome, Seoul, Singapore, Stockholm, Sydney, Taipei, Tokyo, Vienna, Zurich.

Shell plans £1.6bn. spending next year

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE ROYAL Dutch/Shell Group is planning a capital expenditure programme of about £1.6bn. next year outside North America. The largest share, close to £700m., will be devoted to production of oil and gas with three-quarters going to the North Sea.

Most of the North Sea investment will be in the U.K. sector, where the Shell-Esso partnership expects its Duinil Field to come on stream in the second quarter. With recoverable reserves estimated at 80m. tonnes, this will be the third Shell-Esso field to come on stream in U.K. waters.

In other parts of the North Sea, two small offshore gas fields in the Dutch sector are expected to enter production before the end of next year.

The Albuskjelle Field in the Norwegian sector, which is shared with Phillips Petroleum, could begin production in the last quarter of next year, and Shell is conducting development studies for several fields in Danish waters.

Dollar movements

with rates in Germany already at their lowest for about 15 years.

There are signs of profound dissatisfaction in German government and industry over the U.S. policy, and Dr. Otmar Emminger, President of the Bundesbank, stated plainly his view that it was not the German balance of payments surplus which had pushed up the D-mark.

The current surplus might total between DM13n. and DM17n. this year, but was more than cancelled out by

Shell plans £1.6bn. spending next year

Mr. D. de Bruyne, a managing director of the Royal Dutch/Shell Group and president of Royal Dutch Petroleum, said yesterday that by 1982 the group share of North Sea production should be more than 0.5m. barrels a day of oil and gas with an additional 1.1m. cubic feet a day of natural gas.

Shell's overall investment programme next year will be about one-third up on this year. About £250m. is to be spent on refinery projects, mainly on secondary capacity to upgrade the product yield.

Mary Campbell writes: Shell is to raise \$500m. on the international capital markets. It was announced last night. The funds, to be used for general corporate purposes, are being raised in the form of a 12-year Eurobond issue with an expected interest rate of 81 per cent.

The issue is being handled by Union Bank of Switzerland (Securities).

Encouraged by the uniform statements in Europe and the U.S. that the fall in the dollar did not reflect economic realities, the exchange market saw the rate against the D-mark recover yesterday to a best level of around DM2.19.

Continued from Page 1

Dollar movements

capital exports of some DM13n. in the first 10 months of the year.

He said on Thursday night that it was exclusively lack of confidence in the dollar which had led to the flow into the D-mark.

Encouraged by the uniform statements in Europe and the U.S. that the fall in the dollar did not reflect economic realities, the exchange market saw the rate against the D-mark recover yesterday to a best level of around DM2.19.

The Why, When, Where and How of Fine Cognac

Where Hine?

Hine (pronounced to rhyme with the English 'fine') comes from Jarnac, at the very heart of Charente where the best Cognacs originate. From there Hine finds its way to the heart of Cognac connoisseurs around the world, because Hine has a special appeal to the connoisseur of Cognac.

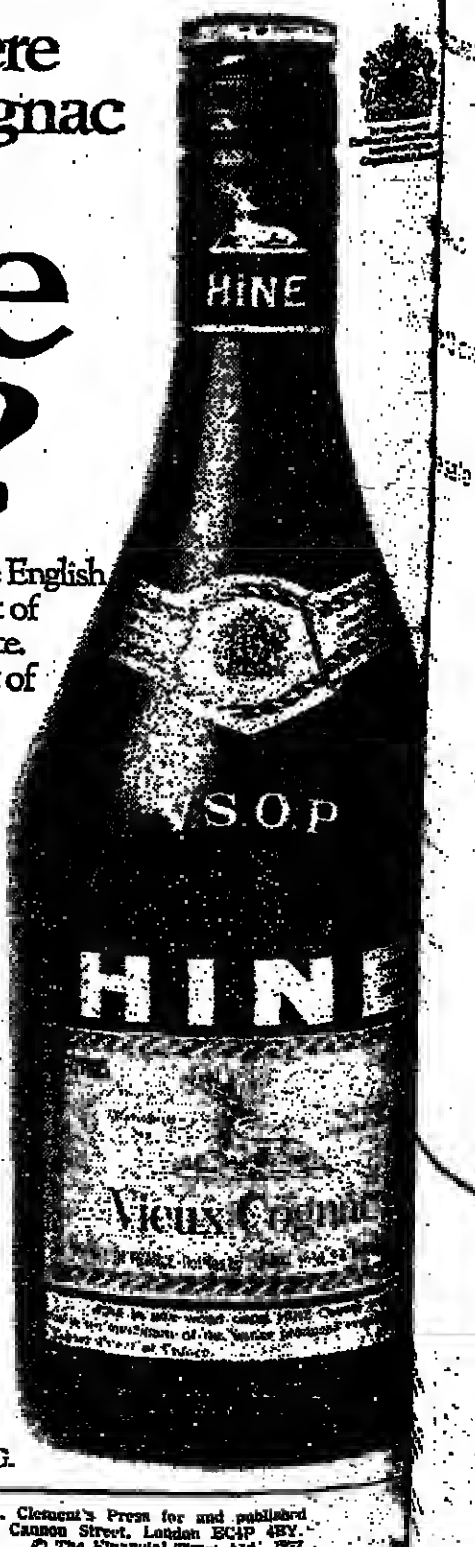
Each Hine designation has its own pleasure: ★★ on its own or with a mixer in convivial gatherings is available in most parts of Britain. The rarer Hine Antique and Hine OV are not so easily available. But if you seek you will find.

Hine VSOP is naturally available in all good hotels and restaurants where fine Cognacs are served. You might like to start a connoisseur's journey into the finer areas of Cognacs with Hine VSOP.

It is also available at all good wine merchants.

Hine The Connoisseurs' Cognac.

For an informative leaflet on Cognac, send a postcard to: Dept. F-1, 6th Floor, 1 Oxendon Street, London SW1Y 4EG.



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